FINANCIAL TIMES

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WORLD NEWS

France to withdraw ambassador

France is to withdraw from New Delhi its ambassador, M Serge Boidevaix.

This follows the breaking a fortnight ago of a spy ring which involved the leaks from the Prime Minister's office of defence, foreign policy and domestic files.

It is feared that the espionage could affect large defence contracts for which France is in the running. Page 2

Airfields ban

Norway is to close two airfields to eastern European charter flights from next January because of spying. The airfields are vital to Nato air defences.

Corruption claims

A special Scotland Yard squad is to investigate allegations of corruption against 100 named London police officers by a former detective.

UDR man shot dead

A part-time Ulster Defence Regiment soldier was shot dead by the IRA in County Fermanagh as he sat at the wheel of a bus waiting to take children on a swimming trip.

Car bomb kills 10

A car bomb exploded outside a mosque in Tripoli killing at least 10 and wounding up to 60. Page 2

Aitken cleared

Tory MP Jonathan Aitken was cleared by a High Court jury of libelling one of his women constituents by casting her in the role of Sue Ellen, wife of JR in Dallas.

Kinnock warning

Labour leader Neil Kinnock warned Labour councillors against taking illegal action against the Government's rate-capping legislation. Page 4

Aids scare

The Department of Health launched a more explicit leaflet urging homosexuals and drug abusers not to give blood because of the fear of Aids.

Raft family rescued

A British family of five adrift for 12 days on a raft in the Atlantic after their yacht sank was rescued by a Norwegian ship.

Reagan nominated

Ronald Reagan has been nominated for the 1985 Nobel Peace Prize, according to a Norwegian newspaper.

Boxer sentenced

Former European light-heavyweight boxing champion Gustav "Bubi" Scholz was given a three-year suspended jail sentence in West Berlin for shooting dead his wife.

High price of ice

British Telecome agreed in the High Court to pay £95,000 damages to a woman who claimed it was to blame for an icy patch of which caused her car to skid and crash. BT denied negligence.

India's score

India were 525 for seven in their first innings at close of play at Kanpur on the second day of the fifth and final cricket test against England.

BUSINESS SUMMARY

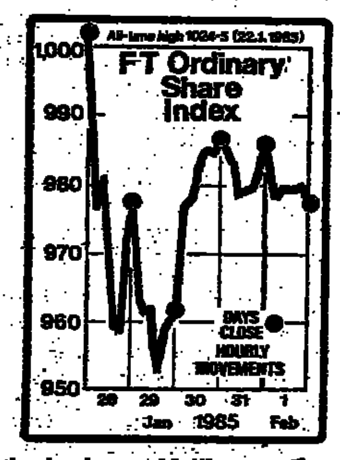
U.S. dollar surges to record level

THE DOLLAR rose strongly yesterday in spite of signs of intervention by the West German Bundesbank.

In London the dollar index equalled its highest level at 146.7, finishing at DM3.1785, up from DM3.162, while in New York it surged to DM3.19575 in early trading.

There appeared to be a renewal of demand following Thursday's higher than expected U.S. money supply figures and growing fears that the Federal Reserve Board would tighten monetary policies. The pound fell to $1.1245 from $1.131 but the sterling index was up 0.1 to 71.7. Page 21

FT ORDINARY Index fell 8.6 to 977.5 to finish the week 25.3 points, down after uncertainty about interest rates. It was felt the banks would like to reduce base rates but the authorities wanted to maintain present levels to protect the pound. Page 22



PAPUA New Guinea is to close one of the world's richest gold and copper mines after a row with its foreign partners. Page 19

TRUSTEE Savings Banks are on the verge of agreeing to cut the working week to 32 hours in return for the introduction of all-day Saturday opening. Back Page

IBM has been forced by poor market conditions to cut the size of its Eurodollar bond issue launched on Thursday from $300m to $200m. Page 19

POLLY PECK is raising £41.7m through a novel rights issue to finance expansion in Turkey and Northern Cyprus. Back Page

GUINNESS America is to buy Richter Brothers, a U.S. specialist food importer, for £16.02m. Page 18

TALBOT warned of lay-offs among its 1,400 workers in Stoke-on-Trent from the end of next week unless it receives letters of credit from Iran to cover the export of car kits.

BP has re-entered the telecommunications business, buying 80 per cent of a U.S. satellite communications company in an £11m deal. Page 18

TOP ANALYSTS at stockbroker Capel-Cure Myers have defected to Wood, Mackenzie, Page 3

TEACHER'S PAY: Local authorities want Education Secretary Sir Keith Joseph to scrap the Burnham Committee negotiating machinery. Page 4

ELECTROLUX of Sweden, Europe's biggest home appliance manufacturer, boosted earnings 39 per cent last year to SKr 2.45bn (£240m). Page 19

Red Army Faction killing echoes terrorist attacks of the 1970s

WEST GERMANY'S Red Army Faction yesterday added a savage new dimension to a six-week-old offensive when it shot and killed Herr Ernst Zimmerman, the chief executive of the Motoren und Turbinen Union aero engine company at his home near Munich, Rupert Cornwell and Diana Smith report.

The assassination coincided with a fourth bomb attack this week in Portugal and underlined an apparent resurgence of terrorism in Europe. The last few weeks have sen the murder in Paris of General René Audran, a series of attacks against Nato installations in Belgium and West Germany, and the announcement of operational links between the Red Army Faction in West Germany and the French group Action Directe, which claimed responsibility for the Audran murder.

The murders and bombings and the alleged links between those responsible are being taken seriously by governments, which had come to hope that police efforts had broken the terrorism of the 1970s. The latest outbreaks seem bound to lead to moves to strengthen co-operation between police and intelligence services in Europe.

Responsibility for yesterday's shooting near Munich was claimed by the Red Army Faction in a phone call to a local newspaper which claimed that attack was carried out by the "Patrick O'Hara commando," named after an IRA terrorist who died after a hunger strike in Belfast in May 1981.

Herr Zimmermann, aged 55, was surprised by two intruders, purporting to be postmen delivering a registered letter. They burst into his house, tied him up with his wife an dshot him in the head. He died several hours later in a Munich hospital.

Ostensibly, this wave of attacks in West Germany has been in support of a hunger strike protest by 37 suspected or convicted Red Army Faction members. They want to be moved to a single jail, and to be treated as prisoners of war.

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Unnegotiated return considered by NUM

BY JOHN LLOYD AND DAVID GOODHART

A PLAN to end the 11-month-old pit strike without an agreement between the National Coal Board and the National Union of Mineworkers is being considered by miners' leaders.

Under this plan, the leadership would call for all striking miners to return to work, but would refuse to negotiate an agreement with the board which might compromise the union's right to oppose the closure of uneconomic pits.

This is seen by many miners' leaders as the least damaging way to end the strike.

They argue that it would leave the colliery review procedure, and the 1974 Plan for Coal, intact and that it would allow the union to recoup its strength and mount opposition in the future to further attempts to cut the size of the industry.

They concede, however, that the board would succeed in closing loss-making collieries once the strike was over because of the union's weakness.

Mr Arthur Scargill, the NUM president, is attracted to this strategy. He said yesterday: "If the NUM did not get an agreement, its position would be considerably better than what the coal board is trying to impose."

The adoption of the plan will depend on the line taken by the NCB over the next week. However, it was clear yesterday that the board intends to set the strictest conditions on the reopening of talks, and thus agreement on the "no agreement" plan by the union's executive loks more, rather than less, likely.

Mr Ian MacGregor, the NCB chairman, has said privately that he is not concerned to end the strike quickly. It is clear that the board is determined to get an agreement on its terms, or not at all.

In a statement issued after a board meeting yesterday, the NCB said that it would not resume talks because the union had "publicly and rigidly" refused to move from its demand that all uneconomic pits be kept open.

Asked if this meant that the union must give prior commitment to accept the closure of loss-making pits before talks could begin, Mr Michael Eaton, the board's communications chief, said that it did.

The board's refusal to negotiate came at the end of a day in which Mr Norman Willis, the TUC general secretary, and his senior colleagues had continued attempts begun on Thursday to suggest a form of words which would allow the two sides to begin talks.

Mr Willis, who was in continual touch with the NCB and energy ministers, told the miners' leaders that the board would insist on an agreement which gave them the "right to manage," and to close uneconomic pits. It is likely that he suggested that the NUM adopt a form of words which could have cleared the way for negotiations.

Mr Neil Kinnock, the Labour

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NUM receiver, Page 4
Thatcher interview, Back Page

Money supply reins tightened

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THIS WEEK'S turbulence on the foreign exchange markets has led to a significant shift in government policy towards tighter money supply control.

The clear implication is that interest rates will remain high, even if the clearing banks make a small reduction in base lending rates next week.

Whitehall believes that even if sterling stabilises after this week's deal on pricing by the Organisation of Petroleum Exporting Countries, base rates will have to stay at about 12 per cent to curb the growth of the money supply.

A few weeks ago, the general view was that the appropriate interest rate level was about 10 per cent, or less.

Mr Nigel Lawson, Chancellor of the Exchequer, believes the tighter monetary policy will spill over into Budget arithmetic and limit scope for tax cuts.

Yesterday, the London financial markets remained subdued following Monday's sharp rise in clearing banks' base lending rates to 14 per cent.

Sterling was able to resist some upward pressure from the dollar in London, although during early trading in New York, the dollar surged ahead in spite of reports of intervention by some central banks.

Prices of gilt-elged stock and equities, however, drifted lower in London, as the markets tried to assess the likely effect of the authorities' new monetary stance.

The Government will probably be reluctant to push base rates down from their current 14 per cent until it is confident that the recent turbulance in the foreign exchange market has been smoothed over.

It will certainly want to wait until the markets have digested the January figures for the foreign exchange reserves, due out on Monday, and Tuesday's money supply figures for the same month.

The clear message from Whitehall, yesterday was that although the authorities want interest rates to come down and regard 14 per cent as being a temporary peak, they are in no hurry to precipitate a cut, and would even consider raising rates again if sterling came under further pressure.

Week that rocked the ship, Page 3: Editorial comment, Page 16; Money markets, Page 21

Dunlop moves to beat off BTR

BY CHARLES BATCHELOR

DUNLOP, the debt-laden tyre and rubber products group, yesterday launched its long-awaited counter-offensive against the £33m takover bid from BTR, the broadly based conglomerate.

Sir Michael Edwardes, Dunlop's chairman, is to try to delay a crucial shareholders' meeting, booked for next Friday, while he prepares plans to neutralise the 28 per cent blocking stake BTR has taken in Dunlop's preference shares.

The meeting is due to vote on the £142m refinancing package assembled by Dunlop and its bankers. "We are simply not prepared to allow BTR to use this shabby device to disenfranchise our 40,000 ordinary shareholders," Sir Michael said yesterday.

As Dunlop announced its defence plans, the Takeover Panel stepped into the fray with criticism of the way BTR had done its sums in its formal offer sent out on Thursday.

The panel said that BTR's comparison of the value of Dunlop's shares, "has not been presented in an appropriate or helpful manner."

This is the first intervention of this kind by the panel since it gave warning in December it was tightening up its scrutiny of takeover documents.

Dunlop's defence strategy comprises:

- A plan to avoid the need to put the resolutions approving the refinancing to preference shareholders. One way to do this would be to replace the proposed issue of £30m worth of new redeemable preference shares with irredeemable preference shares. The company claimed this would not require the approval of existing preference shareholders, including BTR.
- Asking shareholders to approve adjournment of next Friday's meeting to give Dunlop more time to modify the refinancing package in line with existing shareholders' demands.

Dunlop's bankers have already agreed in principle to make available to existing shareholders all of the £40m worth of ordinary shares they plan to take in exchange for debt. This, and plans to give U.S. investors, who own 27 per cent of Dunlop, a better deal, will take time to arrange.

Dunlop's main bankers have agreed to maintain existing loan facilities beyond the previous deadline of March 31, to give the company more time.

Morgan Grenfell, BTR's merchant bankers, said later: "It is hard to believe they can come up with new proposals to satisfy all parties. This is a bit of a red herring."

BNOC likely to follow Opec's lead

By Ian Hargreaves

THE British National Oil Corporation is paying $28.65 a barrel for supplies of crude it received early in January, in line with the official price of competing Nigerian light crude agreed earlier this week at a meeting of the Organisation of Petroleum Exporting Countries.

Oil companies said last night that they had started to receive the payments, but BNOC claimed the price was only provisional and could be adjusted when a formal decision was taken on the January supplier price.

It is becoming increasingly evident, however, that the Government intends to tell BNOC to fall in line with the Opec price structure for its January contracts, even though this will mean trading losses of about £30m for the corporation during the month. Its January oil has already been sold at an average of about $27 a barrel.

This would oblige the Government to ask parliament for a spring supplementary estimate to cover the loss. It received the last subvention of £45m just before Christmas.

Political embarrassment over the need for any additional estimate is likely to centre on the Commons Energy Committee, which has this week written to oil companies seeking their views on the future of BNOC.

The committee published a critical report on BNOC in December and said that any further supplementary estimate would be "quite unacceptable" unless the Government openly

Continued on Back Page
North Sea exploration successes, Page 3: Man in the News, Back Page

Reagan budget seeks 1.5% spending rise

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan's budget proposals for 1986, which will be sent to Congress on Monday, envisage a meagre 1.5 per cent increase in Federal government spending to $973.7bn (£833.5bn), but a budget deficit of $178bn, the White House confirmed yesterday.

Outlines of the budget are circulating on Capitol Hill where the plans to recommend a sharp increase in military spending while cutting social programmes are expected to arouse protests even within Mr Reagan's own Republican Party.

Senate Republican's tried to construct an alternative budget plan involving curbs on defence spending, but the target date set by Senator Robert Dole, Senate majority leader, for submitting the scheme passed yesterday with no sign of the alternative which has been bedevilled by disagreement on the defence issue.

President Reagan's budget, parts of which have been widely leaked in recent weeks to ease their path, will project a rise in actual defence spending in fiscal year 1986, which begins on October 1, of almost 13 per cent to almost $277bn.

It is, in part, the contrast between this increase, and the deep cuts recommended in domestic spending programmes, someof which affect the poor, which virtually guarantees that the president's proposals will be treated as, at most, an opening position to begin bargaining with Congress.

Congressmen, who take the detailed spending and taxing decisions, have been describing Mr Reagan's budget plans as "dead on arrival" since leaks on spending cuts began at the end of last year.

Mr Reagan is expected to seek a reduction in spending on federal medical aid for the elderly (Medicare) along with a riseof only 3 per cent — less than the projected rate of inflation — in spending to help the poor who qualify for help with their medical bills (Medicaid).

According to a New York Times report yesterday, Mr Reagan's plans to propose cuts in real terms in the food stamp programme for the poor, and declines, in nominal as well as real terms, in child nutrition programmes and other social welfare schemes.

Many of his recommendations are expected to lead to strong opposition from both sides of Congress, especially since the President is not proposing reforms in the federal old age pension system (social security) where many believ significant savings should be found at the expense of the middle class.

Whatever its chances of implimentation, the President's budget will provide a benchmark against which the budget debate in Congress will be measured. Mr Reagan is thought to want additional spending cuts, but is seen as inhibited by election pledges made last year from proposing some of them, particularly in social security. He appears to hope that Congress will take the initiative, and the blame

- U.S. unemployment in January edged 0.2 per cent higher to 7.4 per cent, the Labour Department reported yesterdaly. But the number of workers with jobs increased by 350,000.

MARKETS

DOLLAR

New York lunchtime
DM 3.18575
FFr 9.735
SwFr 2.7095
Y257.25
London:
DM 3.1785 (3.162)
FFr 9.71 (9.6725)
SwFr 2.7035 (2.674)
Y256.7 (254.8)
Dollar Index 146.7 (146.2)
Tokyo close: Y255.45

U.S. LUNCHTIME RATES

Fed Funds 8¾% (9.0)
3-month Treasury Bills: 8.16% (8.04)
Long Bond: 103⅝ (104¼)
yield: 11.34 (11.22)

GOLD

New York: Comex Feb latest $302.4 (304.1)
London: $303¼ ($306¾)

STERLING

New York lunchtime $1.122
London: $1.1245 (1.131)
DM 3.57 (3.575)
FFr 10.91 (10.94)
SwFr 3.04 (3.025)
Y288.75 (288.0)
Sterling Index: 71.7 (71.6)

LONDON MONEY

3-month interbank: closing rate 12 11/16% (12 1/16)
3-month eligible bills: buying rate 12¼% (12¼)

STOCK INDICES

FT Ord 977.5 (—8.6)
FT-A All Share 612.75 (—0.2%)
FT-SE 100 1272.6 (—8.2)
FT-A long gilt yield index: High coupon 10.82 (10.77)
New York lunchtime: DJ Ind Av 1,281.03 (—5.74)
Tokyo: Nikkei Dow 11,946.96 (—45.35)

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 8.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 75; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 60p; Malta 30c.

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For London market and latest share index, 01-246 8026; overseas markets, 01-246 8066.

Seven killed in Beirut car blast

A CAR BOMB exploded beside a crowded mosque in Beirut yesterday, killing at least seven people and wounding 50, Reuter reports from Tripoli. The bombing took place close to the three-storey Imam Ali mosque where 75 people were at prayer.

The blast followed a series of car bombs in Beirut in recent weeks, but was the first in Tripoli for some months.

Sheikh Saeed Shaaban, leader of the Islamic Unification Movement, whose supporters built the mosque, accused Jews and right-wing Christian Falangists of having planted the bomb.

Police said one quarter of the wounded were Christians, although from the position of the booby-trapped car it was obvious that Moslems in the mosque had been the intended target.

Meanwhile in Sidon fighting with heavy machine-guns and rocket-propelled grenades erupted when about a dozen unidentified gunmen attacked pro-Israeli militiamen.

Ver pleads not guilty

GEN FABIAN VER, head of the Philippine armed forces, two other generals and 22 soldiers, yesterday pleaded not guilty to the murder of opposition leader Benigno Aquino, Samuel Senoren writes from Manila.

Presiding justice Mr Manuel Pamaran set the trial for February 7.

Israeli reserves fall

Israel's foreign currency reserves fell sharply last month and despite the latest injection of American aid are now far below the $3bn (£2.7bn) "red line," our Tel Aviv correspondent writes.

The Bank of Israel announced that reserves dropped by $282m last month to $2.31bn. It said the bank printed the equivalent of $290m in January, most of it to pay for subsidies on foodstuffs and fuels. Israel, burdened with the world's highest per capita foreign debt of $24bn, faces huge repayments thsi year, which will further drain the reserves.

Bank officials have warned they could run out by late 1985 unless Prime Minister Shimon Peres' coalition takes drastic measures.

Democrats elect Kirk

The U.S. opposition Democratic Party has elected Mr Paul Kirk, a former top adviser to Senator Edward Kennedy as its new leader in a bid to recover from the 1984 re-election triumph of President Reagan, Reuter reports from Washington.

Japan moves on yen

Japan yesterday loosened controls on the Tokyo currency market in the hope of strengthening the yen—just as it sagged to its lowest value in more than two years, Reuter reports from Tokyo. The U.S. Government wants a stronger yen to make Japanese goods more expensive in the U.S. and help to redress its trade deficit. Japan's monetary authorities said they now would allow banks to buy and sell large amounts of yen with each other by telephone.

France withdraws India envoy

BY K. K. SHARMA IN NEW DELHI

THE French Ambassador to India, M Serge Boidevaix, is being withdrawn from his post in New Delhi following the uncovering of the country's biggest ever spy scandal a fortnight ago. The espionage ring involved the leakage of top secret defence, foreign policy and domestic files from the Prime Minister's private office.

The French decision to withdraw the Ambassador was confirmed yesterday by an official spokesman of the Indian Government, and is understood to follow a request made by his early recall. The Press India a week ago to Paris for Trust of India news agency said the ambassador was given 30 days to leave the country.

France yesterday denied that M Boidevaix had been expelled and named him to the highest post held by a carrer diplomat in the French Ministry of Foreign Affairs. M Bodevaix was described by a Foreign Ministry spokesman as an "excellent" ambassador who had been appointed assistant Secretary General at the Quai d'Orsay, after M Jacques Martin, who currently holds the post, asked for "special leave."

The French Foreign Ministry denies that M. Boidevaix's promotion has any connection with the espionage scandal in India. They say that the Indian Government has never implicated France or French officials in the affair.

Colonel Alain Bolley, the French Deputy Military Attache, was withdrawn on January 21 soon after the espionage was discovered. Indian intelligence investigators claim to have established his close links with the alleged leader of the spy ring, an Indian businessman named Mr Coomar Narain.

The French connection seems set to do serious damage to Indo-French relations. It now seems highly likely that the French will not be awarded some large defence and other contracts for which they are in the running. This includes a deal for the sale of 155 mm artillery guns to the Indian Army worth over $1bn for which the main competitors to France are Sweden, Britain and Austria. Other contracts that could be in jeopardy are those for supply of missiles

France has won defence and other contracts worth more than $2bn from India in the past few years and intelligence sources believe that French espionage activities began originally to gain commercial information.

Among the major contracts awarded over the past few years to French companies were the sale of 40 Mirage 2000 aircraft; a $650m Alumina plant to Pechiney; telecommunications equipment worth more than $250m to Cit Alcatel; and an offshore exploration consultancy deal to Compagnie Francaise Des Petroles.

There was speculation in New Delhi yesterday as to whether M Francois Mitterrand, the French President, or M Laurent Fabius, the Prime Minister, would stop over in the Indian capital to express regret on their way to Indonesia and China in March and April.

Three businessmen and 11 officials have been arrested so far for their alleged involvement in a spy ring which is said to have stolen secrets from key Indian departments, including the office of the top aide to Mr P. C. Alexander, the Prime Minister, who has since resigned his post.

UN chief's 'modest progress' in Hanoi

BY CHRIS SHERWELL IN BANGKOK

THE VAST gulf separating the parties to the Kampuchean conflict in South-East Asia has again been exposed by a busy week of shuttle diplomacy between Bangkok and Hanoi by Sr Javier Perez de Cuellar, United Nations Secretary-General.

Speaking in Bangkok yesterday at the end of the most delicate phase of his current South-East Asian tour, the UN chief said he had obtained "clarifications" which would help each side understand the other's point of view.

But he refused to say whether positions had changed or even if he was optimistic after many hours of talks. Though he spoke of "modest progress," he said no further trip to Hanoi or the region was necessary yet.

Sr Perez de Cuellar's so-called peace mission coincided with a further push by Vietnamese troops against Kampuchean guerrillas opposed to the Heng Samrin regime in Phnom Penh.

Hanoi installed the Government six years ago, after invading Kampuchea and ousting the hated Khmer Rogue led by Pol Pot.

This latest dry season offensive, reckoned to be the fiercest yet, has brought Vietnamese incursions into Thailand and a flood of Kampuchean refugees across the border.

It has also dealt a blow to the rebel coalition linking former ruler, Prince Norodom Sihanouk, the Western-backed Khmer People's National Liberation Front (KPNLF) led by Sonn Sann, and the Khmer Rougue, which is armed and backed by Peking.

Sr Perez de Cuellar confirmed yesterday that Hanoi, long fearful of Chinese penetration in the region, will agree to peace talks only once the Khmer Rougue are "eliminated." But he refused to say what this meant.

Prince Sihanouk, who saw the UN Secretary-General on Thursday, said afterwards that Hanoi's demand was a pretext for its continued attempt to "Vietnamise" Kampuchea.

Meanwhile, to demonstrate their support for the rebel coalition, Foreign Ministers of the six-member Association of South-East Asian Nations (Asean) are to hold a meeting in Bangkok in nine days' time, after Sr Perez de Cuellar has visited Malaysia, Singapore and Indonesia.

Weinberger 'made gaffe over Soviet missile'

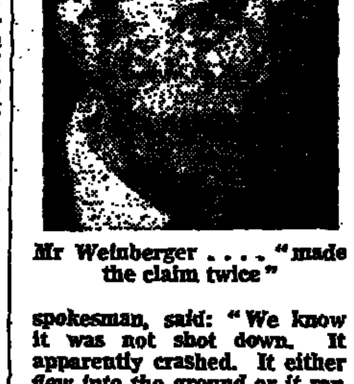
By Reginald Dale, U.S. Editor

MR CASPER WEINBERGER, U.S. Defence Secretary, made an uncharacteristic "goof" in claiming that the Soviet Union shot down an errant cruise missile over Finland, U.S. officials said yesterday.

Mr Weinberger made the claim twice during evidence before the Senate Foreign Relations Committee on Thursday, apparently referring to a Soviet missile which veered off course over northern Norway and crashed in Finland o n December 28.

Moscow later explained that it had lost control of the missile ,which it had been using for target practice over the Barents Sea, and apologised to Finland.

The Pentagon was at a loss to explain Mr Weinberger's statement, which it later categorically denied. Mr Michael Burch, Mr Weinberger's



Mr Weinberger . . . . "made the claim twice"

spokesman, said: "We know it was not shot down. It apparently crashed. It either flew into the ground or it ran out of fuel."

Another official suggested that the Russians might have succeeded in blowing it up by remote control.

Mr Weinberger's gaffe was particularly embarrassing in that i t came on the same day that the Daily Express had reported that the missile had been misprogrammed to fly towards West Germany and had been shot down by two Soviet MiG interceptors.

The Express said that the U.S. and the Soviet Union had "hushed up" the incident so as not to jeopardise t heir forthcoming arms negotiations in Geneva.

The Pentagon, and officials in Finland, Norway and West Germany, had spent most of the day rejecting the British newspaper report as "rubbish."

After lengthy consultations with Mr Weinberger, Mr Burch said that Mr Weinberger "did not mean to imply" that the missile had been shot down by a Soviet aircraft over Finnish airspace.

"What the Secretary is trying to say is that the Soviets are working on a cruise missile defence system. It is within the technology. They can do it, and we can do it," he said.

Community unions and employers edge towards dialogue

BY QUENTIN PEEL IN BRUSSELS

UNION LEADERS and employers representing the two sides of industry in the European Community yesterday moved towards a new dialogue acros a whole range of issues affecting economic growth, unemployment and social welfare.

Both sides expressed cautious optimism following a day of informal talks in Brussels involving the European Trade Union Confederation (ETUC) and Uice, the union of employers' organisations. The talks were convened by M Jacques Delors, the new president of the European Commission.

Further meetings on issues such as work sharing, increased flexibility and a shorter working week, the introduction of new technology, and ways of creating a genuine common market in the Community, are expected to follow in the near future.

Lord Pennock, the current British president of Unice, who led the employers' delegation, said it was a "constructive meeting" which should lead to further developments, including bilateral meetings with unions and three-way talks involving the Commisison.

M Georges Debunne, president of the ETUC, said the talks had succeeded in "drawing up an inventory of agreed objectives, and different opinions on how to accomplish them." There had been "a readiness to discuss all subjects, and a willingness to be open-minded."

Both sides welcomed the willingness of the other to regard economic and social questions as inseparable, although there remains a considerable difference of emphasis.

The employers stress that social policies can only be financed by greater economic growth, whereas the unions insist that policies for promoting greater industrial efficiency and competition cannot be divorced from welfare considerations.

Unice has submitted its proposals for EEC priorities to the new Commission, calling in particular for faster progress towards opening up the internal market, and measures such as EEC-wide tendering for government contracts to encourage competition. The employers hope to see such subjects on the agenda for future dialogue.

Austria coalition survives vote of no confidence

BY PATRICK BLUM IN VIENNA

THE BELEAGUERED Austrian Government has survived a motion of no confidence tabled by the opposition People's Party over the conduct of Dr Friedhelm Frischenschlager, the country's Defence Minister.

The motion introduced to a packed parliament by Dr Alois Mock, the leader of the People's Party, called for the resignation of the Defence Minister, who last week personally greeted convicted war criminal and former SS officer Herr Walter Reder on his return to Austria.

Dr Mock castigated the Defence Minister for his actions, warned of the damage that had been done to Austria's reputation and argued that Dr Frischenschlager had to go.

In the event, the coalition parties' ranks held fast and the motion was defeated by 98 votes to 80.

Calls for Dr Frischenschlager's resignation had come from all quarters and for a while the Government's very survival seemed at stake.

But the Austrian Chancellor, Dr Sinowatz sought, successfully, to quieten critics in his own party by warning that he would resign if he lost the vote.

But this is hardly the end of the affair. Dr Frischenschlager has lost all credibility and senior officials admit that he will find it almost impossible to do his job. They suggest that it is now only a question of time before he decides to leave.

European bid to protect Soviet campaigners

Parliamentarians from the 21 member countries of the Council of Europe yesterday unanimously approved a draft convention to protect Soviet bloc civil rights campaigners and urged their ministers to negotiate it with Eastern governments in reviews of the Helsinki accords later this year, writes David Buchan.

The move by the Strasbourg- -based Council MPs could indirectly thwart the proposal this week by foreign ministers of the 21 Council members to mark the 10th anniversary of the 1975 Helsinki accords with some sort of celebration in August together with the Soviet bloc. East bloc governments are sure to take umbrage at the proposed convention.

But the issue of who guards the guardians of civil rights in Eastern Europe has grown acute, with the harassment of the Charter 77 group in Czechoslovakia, the forcible break-up of Helsinki monitoring groups in the Soviet Union, and recent threats against newly-formed citizen rights committees in Poland.

The aim of the Strasbourg-proposed convention would be to protect those who invoke the Helsinki rights accords signed by 35 countries in East and West.

New Airbus president named

BY DAVID HOUSEGO IN PARIS

M. JEAN Pierson, head of the aircraft division at Aérospatiale, has been named to take over as president of Airbus Industrie, the four-nation European airliner group.

He will succeed M Bernard Lathière, whose mandate expires on February 4 after ten years as head of the group, which is in fierce competition with Boeing of the U.S. for future leadership in the worldwide sales of passenger aircraft.

The announcement of M Pierson a nomination was made yesterday by M. Jean Auroux, French Transport Minister, who said he expected the appointment to be finally settled by February 4.

France traditionally appoints the chief executive to the group —a right that was reasserted by M. Auroux yesterday.

He said he did not expect any opposition from the West Germans.

Aérospatiale and Deutsche Airbus (including Messerschmitt-Bolkow-Blohm) each hold 37.9 per cent of the shares in Airbus with British Aerospace holding 20 per cent, and Casa of Spain 4.2 per cent.

M. Pierson takes over at a time when Airbus' crucial $2bn (£1.8bn) deal with Pan Am has given it a foothold in the American market from which it can challenge Boeing.

M. Auroux said that M. Lathière would be given a senior but unspecified post in France. Still to be filled is the post of M. Roger Beteille, vice-president and general manager of Airbus who has also announced his retirement.

China sharpens attack on Mao

BY MARK BAKER IN PEKING

THE CHINESE Communist Party has sharpened its attack on the late Chairman Mao Tse-tung over the failure of his theories for economic reform.

The party has warned that Mao's ideas for forcing change through mass movements were an illogical mistake that would plunge China back into a state of turmoil if contemplated today.

A major document published in the Central Committee's theoretical journal, Red Flag, appears to go beyond the historic party resolution of four years ago that Mao had commited grave errors in his later life.

The paper is part of a continuing campaign by the Chinese leadership to justify its radical capitalist-style economic reform by redefining the conventional wisdom of both Marx and Mao.

It singles out for rebuke Mao's concept of achieving economic and social reform by waging campaigns of struggle against the old ways before building the new.

"Mao Tse-tung's concept of "destruction first and construction in its wake" is untenable, either as a universal law of natural science or as a social science theory," it says.

"It was a major fault of Comrade Mao because the formulation was not in conformity with the actual course of our party's history."

The article says Mao's ideas are particularly inappropriate today when China does not have exploiting classes, powerful opposition, subversion, or a "dominant feudal-capitalist ideology."

Action to cut U.S. deficit 'will strengthen dollar'

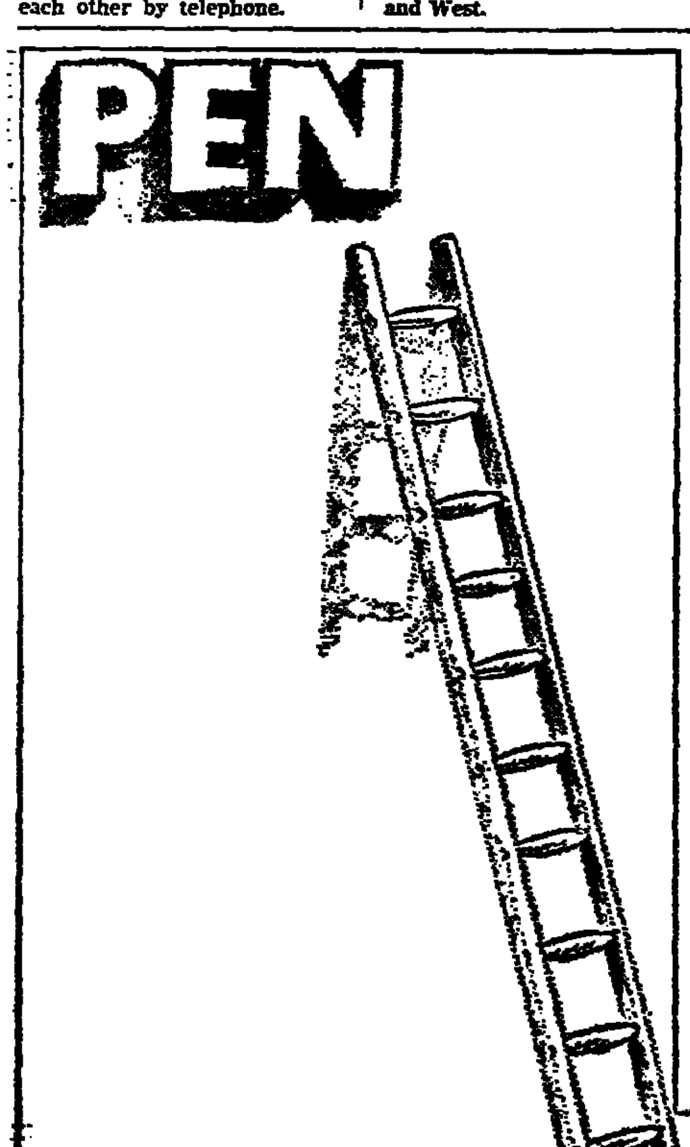
ACTION by the U.S. to cut its budget deficit will almost certainly strengthen the dollar further—not weaken it as many pundits suggest, according to Mr R. T. McNamar, Under-Secretary of the U.S. Treasury, writes Jonathan Carr in Davos.

Mr McNamar said the dollar's current buoyancy reflected the view of international investors that the U.S. economy—was outperforming the economies of other nations.

This was true, he said, with respect to the sharp boost in the U.S. economic growth rate, the cut in inflation, the change in taxation and the removal of social and business rigidities.

A cut in the U.S. budget deficit—which was necessary and would come—would be seen by investors as one further factor in favour of putting funds into dollar investments, said Mr McNamar, who was speaking at the annual conference here of the EMF Foundation, a privately financed body

He stressed that the key factor now affecting currencies was the shift in international capital flows, which dwarfed trade in goods and services by a factor of about 15 to one.



Hawke runs into trouble over US missile tests

By Michael Thompson-Noel in Sydney

MR BOB HAWKE, Australia's Prime Minister, encountered heavy left-wing opposition and more general criticism yesterday over the Government's approval of a U.S. request to use Australian facilities for monitoring MX missile tests in the South Pacific.

Mr Hawke leaves today on a nine-day tour of the U.S. and Europe, during which he will meet President Ronald Reagan in Washington.

However, he leaves behind a hornet's nest. Mr Gerry Hand, leader of the Australian Labor Party's left-wing, said yesterday that the MX controversy left him "shocked and bewildered." Another left-winger added: "The Party will go troppo" (be incensed).

There is already mounting disquiet over Mr Hawke's refusal to support New Zealand in its nuclear ships row with the U.S. In New Zealand meanwhile, the Prime Minister, Mr David Lange, said that the decision was "regrettable" and that New Zealand would turn down any proposal on MX monitoring made by the U.S.

To date, Mr Hawke has consistently outflanked his left-wing opponents.

How British car-buyers are being thwarted

BY PAUL CHEESERIGHT IN BRUSSELS AND KENNETH GOODING IN LONDON

COMPARATIVE CAR PRICES BEFORE TAX (JULY 1984)

£ sterling

	Belgium	West Germany	France	Italy	UK
BMW 320i	5,716	6,228	6,537	6,681	7,369
Citroen GSO Pallas	3,394	3,642	4,042	4,107	4,444
Fiat Panda 45	1,995	2,293	2,251	2,610	2,484
Ford Escort XR3i	4,275	4,824	4,877	5,167	5,440
Mazda 323 GT 1.5	3,325	3,488	3,885	—	4,376
Opel Kadett 1.6 SR	3,729	4,194	4,179	4,415	—
Peugeot 305 GT	3,910	4,188	4,476	4,860	5,130
Renault 5 GTL	2,752	2,977	3,016	3,211	3,428
Volkswagen Golf GTI	4,714	5,178	5,193	5,558	6,315

BRITISH car buyers are being thwarted when they attempt to buy low-cost cars in Belgium, one of the cheapest countries to buy new vehicles, according to the UK Consumers' Association.

Telephone inquiries by the association last month produced point-blank refusals by Ford and Mazda dealers to supply right-hand-drive cars.

Some Austin Rover, BMW, Fiat, Nissan, Peugeot, Toyota and Volkswagen dealers said they would not take orders.

Only Opel dealers accepted orders for UK-specification cars without hesitation. However, they are in a special position because General Motors, Opel's parent company, sells most of its cars with Vauxhall badges in Britain and saves the Opel brand for only a limited range of sporty cars.

The association pointed out yesterday that, while any dealer has the right to refuse to supply, it is against European Community law for manufacturers to restrict trade in cars.

A new regulation to come into effect in July makes the point again, even more clearly. It says the European consumer has the basic right to "buy a motor vehicle and to have it maintained or repaired wherever the price and quality are most advantageous to him."

Ms Sue Leggate, special projects editor for the association's Which? magazine, commented: "Fine words, but, judging by our inquiries, the Commission will have to add a few teeth if the new rules are to change anything."

The association is sending the results of its survey to Mr Stanley Clinton-Davis, the newly-appointed British Commissioner for Consumer Affairs in the Community.

Ms Leggate claimed each manufacturer seemed to be instructing its dealers differently.

"A Ford dealer said they had received a letter instructing them not to sell; another commented that it was a gentlemen's agreement between stockists so as not to disadvantage British stockists.

"A Toyota dealer said the EEC was against it and a Peugeot dealer that he had instructions from the factory not to sell.

The association was particularly concerned that half the 10 Fiat dealers contacted on its behalf in Belgium by BUEC — the European Bureau of Consumers' Unions — refused to supply right-hand-drive cars.

Only last May, Fiat gave an undertaking to the Commission that British nationals would be able to order cars suitable for use in the UK at Fiat dealers in Belgium and Luxembourg and could expect delivery within three to four months.

"The acid test of the EEC's new rules will be whether the manufacturers are going to abide by them," maintained Ms Leggate.

"For that, we are going to have to rely on the consumer knowing his or her rights and complaining loudly when they are not respected."

She urged that anyone having problems should complain to the Competition Directorate — are BL, BMW, Fiat, Ford and also to Mr Clinton-Davis.

The association acknowledged it was difficult to compare car prices in one country and another at a time when currencies were volatile, and "where dealers in the UK work down from the list price with discounts and those in Belgium start from the list price and go upwards."

However, the new regulation will allow pre-tax price differences to continue to exist within the European Community to 12 per cent for a full year with the difference at any one time being up to 18 per cent.

"What this means is that if a British car buyer can get a good deal in terms of discounts it may not be worth going abroad.

"But if the buyer wants a popular or newly-introduced model that is not selling at much, if any, discount in the UK, he or she should book his ferry ticket," said Ms Leggate.

NZ snubs U.S. over nuclear warship visit

By Dai Hayward in Wellington

NEW ZEALAND has officially informed the U.S. that it cannot accept the proposed visit from a nuclear-capable warship without a guarantee the vessel is not carrying nuclear-arms. Mr David Lange, the Prime Minister, said however, that New Zealand would welcome a visit from a non-nuclear vessel.

The U.S. Defence Department was reported yesterday as saying that rejection of a visit by a U.S. nuclear ship would jeopardise the future of the Anzus defence alliance and that the U.S. may have to reconsider its participation in the proposed Anzus "Sea Eale" joint exercise in the Tasman Sea later this month.

Mr Lange declared that New Zealand is, and intends to remain a committed member of Anzus. He is still confident that the U.S. and New Zealand will find a practical solution to the warship visit problem.

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Top analysts to defect from London broker

BY JOHN MOORE, CITY CORRESPONDENT

LEADING analysts are leaving stockbroker Capel-Cure Myers to join Wood, Mackenzie, the Edinburgh-based stockbroker, in one of the largest staff defections to take place in the financial services revolution.

Four analysts and onesalesman who specialise in the food retailing and stores sectors at Capel-Cure Myers are to join Wood, McKenzie, which has formed a link with Hill Samuel, the merchant bank.

The analysts, whose research has helped place Capel-Cure second in the league of stores analysts and third for food retailing, according to an influential survey by Continental Illinois, are by Mr John Richards, Mr Paul Smiddy, Mr Paul Deacon and Ms Joan Anderson. The salesman is Mr Paul Anderson.

Mr John Chiene, who heads Wood, Mackenzie, said yesterday that the move represented his firm's continuing commitment to prestige research. "We have decided that there are three areas where we are not covered, and the biggest uncovered area so far in our firm is the retail sector. This raises our research presence."

Mr Chiene and Wood, Mackenzie decined to comment on the remuneration package offered to the team. In the stock market there was speculation that the five, who are aged between 26 and 35, could be earning basic salaries of between £50,000 and £70,000 each.

In addition, it was said that they could receive a collective signing-on fee — or "Golden Hello" — of up to £500,000. Stock market professionals were also speculating that there could be other incentives.

Last July Capel-Cure formed a link wit hGrindlays Holdings, the banking group, which has merged with Australia and NZ Banking Group. Grindlays has taken a 29.9 per cent stake in Capel-Cure.

● In other moves yesterday in financial services, WICO, Galloway and Pearson, the stockbroker which is part of Exco, the international money broker and financial services group, has agreed in principle, to merge wtih Walter Walker, a small London stockbroker.

Walter Walker, with 10 partners and 36 staff, specialises in private client business and advises clients with an aggregate of just under £150m invested. No price for the acquisition was disclosed.

High level of success in North Sea exploration

BY IAN HARGREAVES

OIL COMPANIES in the British sector of the North Sea drilled a record number of exploration wells last year and continued to enjoy a very high success ratio by world standards, Mr Alick Buchanan-Smith, the Energy Minister, said yesterday.

Speaking in Aberdeen, Mr Buchanan-Smith said that 23 discoveries were made last year from a total of 106 exploration wells. This gives a ratio of one success for each 4.6 wells—compared with a world success ratio of one well in 20.

The success ratio, however, was not as high last year as in 1983, when 77 exploration wells produced 21 significant discoveries—a ratio of one success for each 3.6 wells.

Mr Buchanan-Smith said: "The fact that the UK's success rate of just over one in four has been sustained for 20 years is quite unprecedented and confirms that the more mature areas of the North Sea, where much of this drilling has taken place, continues to be prospective and rewarding."

He expected, on the basis of outstanding work obligations from the sixth, seventh and *eighth rounds of licensing, that* a similarly high level of drilling activity would continue "for at least two to three years."

In spite of weak oil prices, the UK sector of the North Sea has been stimulated by fiscal concessions for new field development in the 1983 Budget and by the fact that British Gas is now paying higher prices for UK gas. Much of the recent drilling boom has been in prospective gas areas.

The industry is hoping for a further stimulus in the March Budget, when Mr Nigel Lawson, the Chancellor, has promised to respond to the industry's case for an additional investment allowance to encourage the extraction of additional oil from mature oil fields.

The UK Offshore Operators' Association said this week that an additional 1bn barrels of oil could be recovered if such an allowance were offered, although it still expects UK oil production to peak during the next year.

WELLS AND DISCOVERIES

	1984	1983	1982	1975
Exploration wells started	106	77	68	79
Appraisal wells started	76	51	43	37
Total	182	128	111	116
Significant hydrocarbon discoveries	23	21	9	27

Government pressed to clarify EMS policy

By Peter Riddell, Political Editor

THE GOVERNMENT came under more pressure yesterday to clarify its position over Britain's membership of the exchange rate mechanism of the European Monetary System.

Dr David Owen, Social Democrat leader, argued that it was hard to envisage a better time to join than now. The EMS would he a sensible alternative to raising interest rates continually to bolster foreign confidence in sterling.

He conceded *that full* membership of EMS would not have prevented the dollar from rising against sterling. However, it would have reduced the effect and improved prospects for a co-ordinated European currency strategy towards the dollar and concerted action by the central banks to reduce U.S. interest rates.

An internationalist outlook, *he said*, was a possible alternative to the Government's strategy of exercising some impact *on* the oil price by restricting North Sea production.

Mr David Steel, the Liberal leader wrote yesterday to Mr Nigel Lawson, the Chancellor, challenging the latter's view that he had presented a "gross travesty" of what Mr Robin Leigh-Pemberton, the Governor of the Bank of England, had said about the increased interest in EMS and the greater ease of checking the pound's slide if sterling had been in the system.

For Labour, Mr Bryan Gould, a Shadow Trade spokesman and strong critic of Britains membership of EEC, has attacked Mr Leigh-Pembertons view, which he *said should be firmly rejected.* Mr Gould said it was highly doubtful whether membership of EMS would have made such difference to the pounds fall against the dollar and membership would mean handing over our economic policy to EEC central banks.

Higher stake in broker sought

By Our Financial Staff

MIDLAND BANK is to press ahead with its plans to negotiate an increased stake in Greenwell & Co, the stockbroking firm in which it already owns 29.9 per cent through Samuel Montagu, its merchant banking subsidiary.

The bank's board met yesterday and decided to pursue discussions with Greenwall about its role within the group. Midland stressed the "positive nature" of the meeting, apparently referring to earlier reports of a board split over the Greenwell purchase.

Midland already has an 50 per cent when Stock Exchange rules permit, but it is keen to raise this to 100 per cent. It must also decide at what level to capitalise the securities dealing operation in Mantagu-Greenwell.

Max Wilkinson on the Chancellor's decision to steer a course of financial discipline

A week that rocked Lawson's 'tight ship'

IT HAS BEEN a week which Mr Nigel Lawson, the Chancellor, will not easily forget.

On Monday, he was forced to agree a swingeing increase in bank interest rates to 14 per cent to restore confidence in the financial markets and to halt the slide in sterling.

Since, *then he has made* a series of speeches in which he has come as close to appearing a penitent at the gates of the City as a chancellor can be.

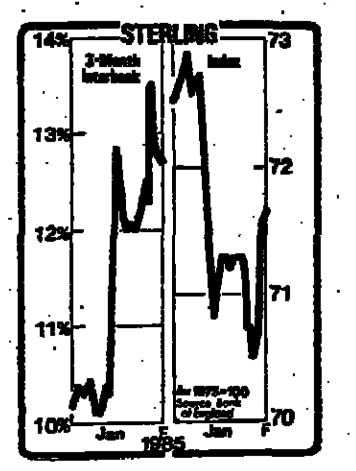
The main cause of the run on sterling in the middle of the month may have been anxiety about the price of oil, but he admitted the City also feared that his policies were too lax.

By yesterday, the markets *were subdued, but in an uneasy* and rather perplexed calm; many analysts and brokers were -ried that the authorities had lost their touch in the markets. In spite of the Chancellor's assurances, he has yet to win back the markets' confidence.

At the same tiem, the outlook for economic growth, for jobs and for a tax-cutting Budget has become more sombre than a few weeks ago.

The Chancellor's message was clear: monetary policy has been tightened significantly. Public spending and borrowing will be kept on a shorter leash than many commentators had been expecting, though perhaps no more than the Treasury had been advertising in its recent White Paper.

Mr Lawson is saying in effect: "Believe the ads; I always said we *were running a tight ship.* You may have heard sometihng different from the mates and midshipmen recently; but this is the captain speaking. Hear this: I meant it."



Between the lines his message was subtly different. Since the summer he has been worrying a good deal more about unemployment than inflation and it was an open secret that he *wanted* to push interest rates down as fast as he could to keep up the momentum of recovery.

The Treasury's policy was to sail as close to the wind of monetary and fiscal laxity as it dared without upsetting the markets and without seriously endangering its anti-inflation policy.

So at the turn of the year, when it was clear that bank lending was expanding fast and the money supply was at the top of its range, the Treasury was reluctant to move to a more aggressive policy of selling gilt-edged stock.

A major funding effort then to mop up excess money would have pushed up interest rates just when the Treasury was hoping to keep them moving down slightly, or at least to hold the clearing banks' base lending rates in the range of 9½ to 10½ per cent.

The series of sudden squalls on the foreign exchange markets stirred up by Opec and poor publicity management have made that course untenable. An accelerating decline in sterling threatened to push up the price of imported goods at a time when the 7½ per cent annual increase in earnings is already making the Treasury anxious.

Mr Lawson has said, in effect, that financial discipline must once again take priority over *his concern for the real* economy and jobs.

In the long run he sees no contradiction. In a speech to the Newspaper Society this week he said: "To abandon the battle against inflation would be the worst possible recipe for new jobs."

Nevetheless, the tightening of policy is a most unwelcome setback. It means that interest rates this year are likely to be significantly higher than might have been hoped before Christmas.

Mr Gavyn Davies, chief economist for the broker Simon and Coates believes short-term rates will remain in the range of 12 to 13 per cent for some time, even though they are likely to come down from 14 per cent *fairly soon.*

For the year as a whole, he believes interest rates are likely to average between 10 and 1 per cent compared with the per cent which hte Treasury was probably asuming in it Autumn Statement in November.

One direct effect of this will be that the cost of servicing the government's debt will be higher than previously expected. In its Autumn Statement the Treasury predicted that debt interest payment would be £16.5bn in 1985-86. M Davies believes this figure could be nearer to £17bn.

The Chancellor's main motive for damping tax cut hopes for the Budget is probably to help restore his credibility in the *City. Many analysts thought he* was becoming increasingly permissive behind his veils of monetary and fiscal propriety.

So, on March 19, Mr Lawson will want to have a Budget and borrowing forecast which the City believes.

The authorities calcuate that a show of toughness, with the threat of concerted intervention against the dollar by the major powers, may prevent the need for any further rise in interest rates.

Move to block levy on televised films

BY RAYMOND SNODDY

THE GOVERNMENT plans to put down an amendment to the *Film Bill* on *Monday* overturning a clause requiring broadcasters to pay a levy for films screened on television.

The clause was inserted in the Bill during its committee stage in December by a coalition of Conservative and opposition MPs. It would require the BBC and the independent television companies to pay a levy to the makers of feature films shown on television based on the number of viewers.

Mr Norman Lamont, the Industry Minister responsible for the film industry, will urge MPs to vote against the amendment on Tuesday during the report stage of the Bill.

Mr Lamont argued at the time that the Government was opposed in principlet o a statutory recycling mechanism through a levy. If the BBC showed a film from the 1920s, it was uncertain who should collect the money, he said.

A motion supporting such a levy has been signed by more than 30 MPs. Broadcasters are intensifying their lobbying against the scheme on the eve of the report stage.

The Independent Television Companeis Association (ITCA) *has* sent a paper to selected MPs arguing that television companies should not be seen as an easy target.

"Television not only underpins the lm industry but also encourages it with a substantial range of grants, funding and commissioning. The film industry in Britain is largely dependent on work provided by television," it says.

The ITCA also believes it has an undertaking from Mr Kenneth Baker, former Information Technology Minister with responsibility for the film industry, that there would be no levy on televised films. In return the ITV companies and the BBC would each contribute £200,000 a year towards the British Film School after the abolition of the Eady Levy on cinema admissions, which has in the past financed the school.

Channel 4 alone has already spent £96m on the film or video industry and planned to fund or partially fund 100 full-length feature films in the five years to 1987.

Production of beer falls by 0.4%

By Lisa Wood

BEER production fell by 0.4 pe cent last year compared wit 1983, when there was a sligh recovery in the market whic tumbled in the early 1980s.

The Brewers Society yeste day blamed the fall in consum tion on continued high unen ployment in areas of heav industry and on the miner strike.

City analysts, commenting o the figures, said brewers shoul reassess their strategy in lage the one growth area in a stat beer market.

Mr Christopher Walker of stockbroker Wood Mackenzi said more companies could fo low the example of Watne Mann and Truman which re *cently closed its* ale brewery i Norwich.

"Other brewers will look fo more acquisitions outside th brewing industry," he said.

The society said that bee production for 1984 was 36.72 bulk barrels, a decrease of 0 per cent on the 36.86m bul barrels brewed in 1983. I December production fell by 5 per cent on the same period i 1983 and was the lowest Decen ber production since 1967.

"As anticipated, 1984 prove to be another difficult year fo beer production," the societ said.

"December's productio figures were disappointing bu the situation was complicate by staggered holidays over th Christmas period.

"Reports from companies i dicate that sales were muc better than production figure would suggest but that th seasonal boost to trade ha come much later than usual."

Talbot warns of possible lay-offs at engine plant

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT UK has warned that lay-offs may be necessary among its 1,400 Stoke, Coventry, engine plant workforce from the end of next week unless letters of credit were received early in the week to pay for car kits exported to Iran.

The Coventry factory produces kits, worth about £130m a year, which are assembled in Iran and sold as the Peykan.

Political and financial problems have caused disruption in recent years to the deal which is Britain's biggest motor industry export contract.

Talbot said output of the Peykan in Iran was running at consistently high levels of just under 2,000 a week. The problem was caused by the failure to receive letter of credit.

Similar delays in letters of *credit last year pushed the* company into a £1.89m loss for the first half of 1984 against a £1.54m profit in the same period of 1983.

Even though the Iran problem caused a six-week lay-off *at Stoke in the second half* of 1984, Talbot is thought to have achieved a trading profit for the year as a whole.

Talbot, a subsidiary of Peugeot of France, is investing £30m at its Ryton, Coventry, assembly plant to produce the C28 family of cars, which will go into production late this year.

The company's manual workers have pulled back from a threatened pay strike and accepted a two-year deal in the face of management exhortations to ensure a viable future for Talbot.

Mobile telephone service opens

Britain's first cellular telephone service operating along the M4 motorway from London to Reading has been opened by Racal-Vodafone, of Newbury, Berkshire.

The Vodafone mobile telephone service now covers

Plans for sale of seven Scottish airfields shelved

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT's plan to sell its seven Scottish Highlands and Islands airfields to private operators has been abandoned for the present.

The future of the airfields—Benbecula, Inverness, Islay, Kirkwall, Sumburgh, Tiree and Wick—will now be considered as part of the Government's overall review of all UK airports, in preparation for a national airports plan, likely to be published in the early summer.

The airfields, owned and run as "social services" by the Civil Aviation Authority and covered by a £3.26m grant-in-aid from the Government in 1983-84, were put up for sale last year.

However, only one firm offer—from the Western Islands Council for Benbecula—was received. There were four other "expressions of interest." and some 200 inquiries, but no firm takers.

The Civil Aviation Authority says that none of the offers "provided a reasonable guarantee that the essential level of *service would have* been continued with a significantly reduced subsidy." With the agreement of the Department of Transport and the Scottish Development Department, the offers have therefore been rejected.

The airfields' future will now be considered by the Government "in the context of its airports policy generally." This review is expected to be completed "very soon."

● ROLLS-ROYCE has won a five-year, £14m-plus contract from McDonnell Douglas of the U.S. for the full-scale development of a new version of the Adour engine to power the U.S. Navy's version of the British Aerospace Hawk trainer aircraft.

The contract, from the *Douglas Aircraft Division of* McDonnell Douglas, is for the Mark 861-49 variant of the Adour. The engine is for the T-45TS aircraft, which will provide as many as 300 trainers for the U.S. Navy.

Liverpool ferry link to end

BY ANDREW TAYLOR

THE Isle of Man Steam Packet Company is to end its 154-year link with the Port of Liverpool when it merges with the Isle of Man ferry operations of Sealink, the former British Rail subsidiary acquired last year by Sea Containers for £65.7m.

Sealink will acquire 40 per cent of the Isle of Man Steam Packet Company when Isle of Man Steam Packet takes over Sealink's route between Heysham, in Lancashire and Douglas on the Isle of Man on April 1.

Steam Packet intends to halt the daily sailings from Liverpool of one passenger and one freight vessel. Instead there will be three sailings daily from Heysham.

Steam Packet said yesterday that there was insufficient traffic to justify two companies operatin gservices to the Isle of Man. Mr Sydney Shimmin, its chairman, warned that there would be redundancies among both companies. These are most likely to be among shore-based staff.

Mr Jimmy Symes, the Transport and General Workers' Union docks representative at Liverpool, said the union would seek immediate talks with the company. "It is inconceivable that this historic link with Liverpool be allowed to end," he said.

Petrol tax plan attacked

BY JOHN GRIFFITHS

MOTORISTS covering more than 6,800 miles a year would be worse off if the Budget saw vehicle excise duty replaced by a 35p per gallon surcharge on petrol, the Automobile Association claimed yesterday.

In a submission to Mr Nigel Lawson, the Chancellor, the AA said that a motorist covering 8,500 miles a year would be £19 *a year worse off. A motorist* covering 25,000 miles a year would be about £210 worst off. Someone whose mileage was nominal, say 2,000 a year, would pay £56 less.

The AA's 35p a gallon figure is the same as that floated by Department of Transport officials last autumn, when they indicated that the transfer was an option being considered. The AA calculations also assume a continuing need for vehicles to be registered and a £10 fee for this.

The change was not justified, the submission claimed, both because of its unfairness to high mileage drivers and the fact that excise duty evasion, at £90m in the current financial year, had proved to be significantly lower than government estimates.

The AA also attacked Government proposals to extend the fixed penalty system to a wider range of motoring offences in about a year's time.

Top civil servant to become Gaming Board chairman

BY SUE CAMERON

SIR ANTHONY RAWLINSON—the civil servant most closely involved with the government's White Paper on regulating the City—is to become chairman of the Gaming Board.

Sir Anthony will take up the three days a week part-time *chairmanship in July. He will* join the board in April—after giving up his top Civil Service post as joint Permanent Secretary at the Department of Trade and Industry.

On Thursday it was announced that Mr Norman Tebbit, the Trade and Industry Secretary, had asked Sir Anthony to retire a year early. The move was designed to leave the department with one permanent secretary and so complete the integration of the departments of trade and *industry which were merged in* 1983.

The Gaming Board would seem to hold attractions for former civil servants. Its first chairman was Sir Stanley Raymond, whose career started in the Civil Service, although he moved to the Army and the transport industry. Next came Lord Allen of Abbeydale, formerly the top mandarin at the Home Office, which is responsible for the board. Lord Allen is retiring from the board after nine years—seven of them as chairman.

The board set up in 1968, has two basic tasks. One is to keep the "extent, character and location" of Britain's gaming houses under review. The other is to regulate the conduct of casinos and gaming clubs.

Sir Anthony will not have to police casinos and "jackpot" fruit machines personally. The board has its own inspectors to do that. But it is the board members who take the final decisions on granting certificates of consent for gaming—or on opposing licences

Sir Anthony will doubtless find his knowledge of the City and his experience of Her Majesty's Treasury—where he was Second Permanent Secretary—useful in tackling his new job.

Pirate radio station put off the air

By Raymond Snoddy

ADIO JACKIE, Britain's most ccessful land-based pirate dio station, was put off the r. yesterday, after being ided by Department of Trade id Industry officials.

Twenty members of the Radio vestigation Service, accompanied by police, seized a large iantity of transmitting equipent, and nine people were beg interviewed. Two premises South London were also ided.

Radio Jackie has been broadsting openly 24 hours a day nce December 1982, and has zen prosecuted only once nce 1979. The station operated a commercial enterprise with annual turnover of about 130,000, and a formal adversing rate card.

The Independent Broadcastg Authority, and the Associaon of Independent Radio ontractors, which represents ie legitimate local commercial ations, have repeatedly called r action against Radio Jackie ithout result, until yesterday.

By coincidence senior reprentatives of the IBA, and the IRC, were due to raise the sue again on Monday with Ir Anthony Nieduszynski, the ead of the DTI's radio egulatory department.

Since July, when the DTI was iven more power, under the elecommunications Act, to deal ith pirates, there have been 0 raids on illegal stations.

Last month Mr Leon Brittan, ie Home Secretary, gave his acking to the early developent of community radio

Kinnock opposes illegal action on rate capping

BY PETER RIDDELL, POLITICAL EDITOR

LABOUR councillors were last night warned by Mr Neil Kinnock, the party leader, not to take illegal action against the Government's rate-capping legislation which might risk losing them office.

Speaking at the opening of the party's local government conference in Birmingham, Mr Kinnock argued that the right way to protect services and jobs was to stay in office and to negotiate with the Government collectively.

He was clearly attempting to strengthen the position of the majority on the party's local government committee, headed by Mr David Blunkett, the leader of Sheffield Council, which has urged collective bargaining with the Government.

He wants to isolate the minority of councillors, mainly in London, who have talked about defying the law by refusing to set a rate after the beginning of the coming financial year in April.

Mr Kinnock's theme was the need for partnership between central and local government which, he said, had been shattered by the Government. He highlighted the difficult choices facing local councillors—between accepting the rate limits and seeing services cut below the legal minimum, and not obeying the law and facing disqualification from office and fines.

He said councillors should try to "secure the best possible conditions for the communities they represent. This means achieving the best possible settlement from the Government and it means remaining in office to carry the implementation of that settlement through to the community."

He said that what Labour supporters were saying was: "Better a dented shield than no shield at all. Better a Labour council doing its best to help us than government placemen extending the full force of government policy."

"Whatever the temptations and trials may be it is clear that those who need to keep their jobs or retain a vital service cannot make any gesture of resignation or loss of office."

Mr Kinnock said that the broad coalition which had been built up on local government issues should not be weakened by wrangles over legality. "We refuse to provide our enemies with public dramas or exciting excursions when our basic concern is— and must remain— jobs, services, and democracy."

Offshore employment shows 20% gain

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

OFFSHORE employment in Britain's oil and gas industry grew by about 20 per cent between 1982 and 1983, according to figures published by the Industry Department, Scotland.

The statistics showed that 4,600 jobs were created, bringing total offshore employment in July 1983 to between 26,350 and 28,650.

A study by Grampian Regional Council last July estimated that offshore employment would peak at about 28,300 before declining. Its estimate of 22,800 for total offshore employment was below the estimate for the previous year released by the Government.

The oil industry is estimated to employ about 100,000 people in the UK, directly and indirectly. About 66,000 of these jobs are in Scotland.

The latest official statistics also show that the number of foreign nationals in the offshore industry is declining. Between 1982 and 1983 the numbers dropped from 16.5 per cent to 10.5 per cent on all types of installations and vessels in the northern North Sea.

Access to Information Bill backed

By Kevin Brown

THE COMMONS yesterday gave an unopposed second reading to a private member's Bill intended to open most local authority meetings to the press and public.

There was strong cross-party support for the Local Government (Access to Information) Bill, introduced by Mr Robin Squire, the Conservative MP for Hornchurch.

The Bill extends the provisions of the 1960 Public Bodies (Admission to Meetings) Act, piloted through the Commons by Mrs Margaret Thatcher, after her election as MP for Finchley in 1959.

Its effect would be to allow press and public to attend council sub-committees, often held in secret, and to make minutes, agendas and other documents freely available.

There would be exceptions for several closely defined issues such as personal social services, employees' salaries and negotiation with trade unions.

The Bill was given a qualified welcome by Mr William Waldegrave, the junior Environment Minister, in spite of government misgivings over some of the details. It now goes into its line-by-line committee stage consideration.

A second private member's Bill intended to force water authorities to meet in public is unlikely to become law after being "talked out" by Mr Ian Gow, the Environment Minister of State.

Countdown to cosmic commerce

Peter Marsh looks at increased government involvement in space technology

"SHE wanted to be convinced." That is how one Civil-Service insider summed up the conversion of Mrs Margaret Thatcher, the Prime Minister, to the cause of increased government involvement in space technology.

With her scientist's training, Mrs Thatcher has a natural interest in work to explore the cosmos. What she lacked, until recently, was the conviction that such research would lead to commercial opportunities for Britain.

Mrs Thatcher's conversion was signalled by events earlier this week. On Tuesday, the Government announced the formation of the British National Space Centre to coordinate activities in this area of technology.

This was followed by increased British commitments to a series of pan-European space projects at a two-day meeting of West European ministers in Rome. Over the next five years, the extra work is likely to increase the £90m Britain spends each year on space science and technology by 50 per cent.

Most of the pressure for the transformation came from Mr Geoffrey Pattie, the information-technology minister in the Department of Trade and Industry, whose responsibilities include space technology.

On moving into his job in September he had been a junior minister in the Defence Ministry. He realised that Britain's administrative framework for space technology was in a mess.

Responsibility was shared by many arms of the Government, including the DTI, the MoD, the Ministry of Agriculture, the Science and Engineering Research Council and the Department of the Environment.

Although civil servants had, over the past 20 years, produced large numbers of background documents setting out the case for and against a British space agency to parallel similar bodies in the U.S., France and Japan, little had happened to streamline the Government's policy-making apparatus.

In December, Mr Pattie arranged a Downing Street seminar for Mrs Thatcher on space developments which emphasised the commercial aspects of the research. Officials outlined topics such as remote sensing (taking pictures of the Earth from space), work to produce new materials in zero-gravity laboratories and satellite-repair projects from space workshops.

Sir Robin Nicholson, the Cabinet's chief scientific adviser, played an important role in winning over the Prime Minister.

The seminar persuaded Mrs Thatcher of the need to set up a co-ordinating body for space to cut through the disarray of existing arrangements.

Last Monday, a meeting of Cabinet politicians chaired by the Prime Minister formally approved the strategy. It is believed that Mr Michael Heseltine, the Defence Secretary, also argued for increased government involvement in space. Mr Heseltine, a former aerospace minister in the 1970-1974 government of Mr Edward Heath, favours stronger collaboration in space projects between Britain and Europe.

The joint European projects in which Britain will play a bigger role include Columbus, a scheme to build a module which will dock with the U.S. manned space station due to enter orbit in the 1990s.

The UK is to build a small platform to be associated with Columbus which will take snapshots of the Earth from an altitude of several hundred kilometres. Britain could contribute about 30 per cent of the £500m cost of the platform.

This project could lead to commercial opportunities for companies such as British Aerospace and Marconi which would build parts of the orbiting structure. Other organisations might be able to design Earth-monitoring instruments or sell data obtained from the hardware.

The Government still has to decide where to base its space centre. It is likely to be at Farnborough, Hampshire, on the site of the Royal Aircraft Establishment.

The increases in the space budget are likely to be required after 1987, following the completion of preliminary design studies into Columbus. Ministers are likely to find the extra cash by paring down funds for other government research and development programmes.

Main aim of regional policy 'should be to increase competitiveness'

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

REGIONAL policy should concern itself with raising competitiveness in the economy, Mr Tom O'Connor, of the Confederation of British Industry, said in London yesterday.

He told the Federation of Industrial Development Authorities' conference on regional policy that the aim should always be to help modernise industry and reduce costs.

Attacking the change in government policy announced last November, Mr O'Connor said the CBI did not see regional policy in social terms. "We see it as an instrument to help disadvantaged regions compete with the rest of the economy.

"Regional policy has always to be seen in the context of national policy. It must help raise the level of performance," he said.

To achieve this it was necessary to tackle the structural weaknesses of the regions and help them overcome their poor record on innovation.

Mr Geoffrey Robinson, Labour spokesman on regional affairs, told the conference earlier this week that Britain's regional policy was the most restrictive in the EEC. The whole of Britain had been turned into a distressed area by Conservative policy.

Mr Robinson said November's review showed the Government did not believe in regional policy.

Aid for the regions had been cut by 60 per cent and only housing suffered a greater attack on its budget.

Mr Robinson accused the Government of paying lip service to the consultative process although it had received more than 500 representations on the way policy should be drawn up. The only body to which it had paid attention was the European Commission's competition directorate.

On the decision to grant the West Midlands assisted area status, he said it was "tragic that the power house of this country had become an intermediate area."

"The West Midlands was full of declining industries but those industries — motors, machine tools and motor cycles —were not declining internationally. They are in the West Midlands and it is the Government's economic policies which have brought this about."

Regional policy alone could not bring about economic regeneration of the depressed areas, he said. It needed "to be reinforced at particular points of the country with extra resources."

Mr Eric Pearcey, an assistant secretary at the Department of Trade and Industry, told the conference that the fact that three of the original special areas designated in 1934, when regional policy was introduced, remained areas of greatest need suggested that the regional problem was intractable.

He disclosed that the re-drawing of the map of regional Britain, limiting the number of people employed in the assisted areas to 35 per cent of the working population, had been severely circumscribed by the European Commission.

This had resulted in the anomaly of Manchester being split into two for aid purposes. If the whole of Manchester had been given assisted area status the regional map would have covered 37 per cent of the working population of Britain.

Sony to update Bridgend plant

By Robin Reeves, Welsh Correspondent

SONY, the Japanese electronics group, is to invest a further £6m over the next three years on a modernisation programme at its main European television manufacturing plant at Bridgend, South Wales.

The programme, which will create 90 jobs, is being grant-aided by the Wlesh Office. It is designed to improve operating efficiency and raise production capacity to cope with any increased demand from domestic and export markets.

The Bridgend site, which employs 1,000, manufactures 180,000 colour televisions and 240,000 television tubes a year. Tubes are supplied to the company's West German television plant.

Case on Camera ruling

THE rulings of Mr Justice King-Hamilton, the retired Old Bailey judge who decides real disputes in the Channel 4 television series Case on Camera, might be open to challenge in the High Court, another judge said yesterday.

Mr Justice Stocker, sitting in London, was dealing with an application by Mr John Watson, a property conveyancer, for leave to challenge the television judge's finding against him in October last year.

Refusing the application by Mr Watson, of Maidstone Road, Sidcup, Kent, Mr Justice Stocker said his application was made too late. However, he said he thought it "by no means impossible" that Mr Watson might have succeeded in getting leave if he had brought the action within the time limits laid down.

The judge said that if Case on Camera was an arbitration which came within the terms of the Arbitration Act, it could be open to challenge in the High Court.

Mr Watson appeared in the series to answer a former client's claim for the return of £251 paid to Mr Watson's company, British Homebuyers Legal Exchange of Sidcup.

Judge King-Hamilton ruled in favour of the client. Under the television company's agreement with those taking part, it paid the £251 to the winning party.

Mr Watson said outside court yesterday that he would consider taking his case to the Court of Appeal.

LABOUR NEWS

NUM receiver denies rift with sequestrators

BY RAYMOND HUGHES IN DUBLIN

MR MICHAEL ARNOLD, whom the High Court appointed receiver and manager of the miners' union assets, yesterday denied that there was a rift between him and the sequestrators appointed by the court to seize the assets.

An indication that Mr Arnold and the sequestrators — four partners in chartered accountants Price Waterhouse—might not be of one mind came on Thursday when the receiver's London solicitors issued a statement saying that he would be applying to the High Court to end the sequestration.

The statement was provoked by a comment by the sequestrators' solicitor, Mr George Staple, following the announcement that Mr Arnold had recovered £4.9m of NUM funds from Nobis-Finanz International, a Luxembourg bank, out of which he had paid the sequestrators the £200,000 contempt of court fine imposed on the union.

Mr Staple had said that anyone holding NUM funds had to hand them all over to the sequestrators.

Mr Arnold, who is in Dublin seeking possession of £2.7m of NUM funds frozen in Bank of Ireland finance, said yesterday that his statement had been authorised by Mr Justice Mervyn Davies, who appointed him in December, and had been issued without discussion with the sequestrators.

The statement said that Mr Arnold would apply to discharge the sequestration order because the contempt fine had been paid, because he believed that "it is in the interests of the NUM to get out of sequestration" and because he was "conscious of his responsibilities to all miners."

It was not realistic to suppose that the court would confiscate all NUM funds "particularly in view of the numbers of miners who are interested in the NUM assets but who are innocent of any contempt" the statement continued.

Another indication of the difference of opinion came during yesterday's High Court hearing in Dublin.

Mr Wililam Blackburne QC, an English barrister and a witness for the sequestrators told the court: "I don't see how the receiver can hope to have much of a chance of getting the writ of sequestration discharged."

Mr Arnold was only the receiver of the union's assets, Mr Blackburne said. The sequestration was concerned with the conduct of the union through its officers. Those officers would have to go to court and apologise to get the sequestration ended.

The hearing resumes on Tuesday.

Shipyard workforce walks out

By Our Labour Staff

THE MANAGEMENT of Austin and Pickersgill, the Sunderland shipbuilder, was last night trying to save an order for two ships after the workforce rejected a conditional pay agreement and walked out.

Leaders of the 1,300-strong workforce, reputed to be the highest-paid in British Shipbuilders, said the agreement that pay rises sould be strictly tied to productivity during the two-year contract for the ships amounted to a pay freeze.

Mr Tony Carty, chairman of the joint shop stewards' committee, said: "What BS have put to us is totally unprecedented and, if they were successful in getting it through here, they would put every other yard in the country in the same position"

The £28m order for the two ships, proposed by a foreign shipowner who has not been named, was to have been signed by a deadline yesterday.

Mr Carty said the workers would accept changes in working practices, sub-contracting and new welding techniques, but would not tolerate a "pay freeze."

Nupe backs manual workers' pay action

BY DAVID BRINDLE, LABOUR STAFF

LEADERS of the National Union of Public Employees yesterday pledged support for industrial action by their local government members over the breakdown in manual workers' pay talks.

The union's national executive council endorsed rejection of the employers' pay offer of £3.70 a week for all grades, worth about 4.75 per cent on the wage bill, and condemned their refusal to change the annual settlement date.

Mr Rodney Bickerstaffe, Nupe general secretary, said: "Year after year our members are being plunged further into desperate poverty, with 10,000 jobs lost in the last 12 months. It's not a question of pay or job security—people are being cruelly attacked on both fronts."

Nupe is one of three unions representing the vast majority of the 900,000 local authority manual workers in England and Wales. A second, the Transport and General Workers' Union, has already declared its backing for industrial action.

The third, the General, Municipal and Boilermakers' Union, is expected to follow suit at its executive meeting next Tuesday.

The unions will compare notes with the techers' unions, which are themselves on the brink of action over pay, at meetings of the TUC local government committee and public services committee on Monday.

Although it was the unions which declared the manual workers' pay talks to have broken down, they hope that the threat of disruption will produce fresh negotiations and an improved offer. They believe that the employers will not want to take on them and the teachers on two fronts.

Mr Ron Keating, Nupe assistant general-secretary and chairman of the negotiating committee, said the workers frustration over pay would "explode unless the employers agreed to reopen talks as a matter of urgency.

BT forecasts big cut in engineering jobs

BY DAVID GOODHART, LABOUR STAFF

A NEAR 50 per cent drop in the number of engineering and technical grade staff in British Telecom's national networks division is being projected by BT officials for the next eight to 10 years.

In a recent presentation to BT unions it was stated that modernisation of the national network would cause total staff in the division to rise from 10,900 now to 12,000 in 1986-87. Thereafter numbers would fall, reaching a plateau of about 8,000 in 1994.

Cuts are expected to be concentrated in the engineering grades. At present there are just over 7,000 staff employed in these grades, a figure that will rise to 8,000 in 1986-87 and drop to 4,000 in 1993-94.

Job cuts will come partly through the introduction of labour saving exchange equipment but also because of a reduction in the number of exchanges.

The bulk of BT's 240,000 staff are employed in the local customer services division. The national networks division covers the truck network and specialised services.

● The executive of the Post Office Engineering Union has supported the principle of industrial action among its members in the Post Office if the corporation goes ahead with the restructuring and job losses mooted in a document leaked last week.

The union is also at loggerheads with the Post Office over the decision to place responsibility for engineering grades with the local head postmaster rather than regional chief engineers.

Some relief to blockade of ferries

By Brian Groom, Labour Staff

THE BLOCKADE of cross-Channel ferry services at Portsmouth was partially lifted yesterday when one of the three berths was freed after the city council took out an injunction in the High Court.

Crewmen moved one of three ferries blocking the continental ferry terminal to a lay-by berth, making a limited service possible. Sealink and Brittany Ferries resumed crossings to the Channel Islands and St Malo, but Townsend Thoresen sailings to Le Havre remained halted.

The unofficial dispute began on Monday over threatened redundancies following the takeover of five P & O ferries by European Ferries, which runs the Thoresen fleet. Two hundred jobs are to go at Dover and possibly 100 at Portsmouth.

The effects of the dispute spread to Dover yesterday when Thoresen sailings to Calais and Boulogne were halted temporarily in the morning.

Call to scrap teachers' pay talks machinery

BY DAVID BRINDLE

THE COUNCIL of Local Education Authorities will make urgent representations to Sir Keith Joseph, the Education Secretary, for the scrapping of the teachers' pay negotiating machinery.

The move by Clea, which comprises both the Conservative-controlled Association of County Councils and the Labour-controlled Association of Metropolitan Authorities, reflects employers' unease at events which led to the prospect of renewed disruption in schools in England and Wales from next Wednesday.

Clea will urge Sir Keith to replace the Burnham Committee pay machinery with a system similar to that introduced in Scotland in 1981, by which unions and employers discuss both pay and conditions in a more informal structure.

It would require an Act of Parliament to amend Burnham and, therefore, the Clea call is no solution to the immediate problems over pay. Mr Fred Jarvis, general secretary of the National Union of Teachers, said last night the proposal was a red herring.

It seems clear, however, that the determined bipartisan approach of the employers signals the end, sooner or later, for what critics say is a cumbersome Burnham structure.

About 70 people attend each meeting of Burnham, but only one representative from each side is allowed to speak. The committee can only discuss pay, as conditions issues are taken to a separate forum called Clea-ST (school teachers).

The last straw for the employers has ben the unions' refusal to debate in Burnham a package which would fundamentally change teachers' work contracts and salary structure: the unions, led by the NUT, have said pay items only can be taken to Burnham, with conditions items taken to Clea-ST and proposals on teacher assessment taken to a third forum.

Sir Keith had told the employers to try to win agreement to the package under the existing negotiating machinery.

Fleet St deal for electricians

THE 2,000 national newspaper electricians have taken the lead in accepting the 5 per cent pay offer from the Newspaper Publishers Association.

Officials of the electricians' union, the EETPU, said that Mirror Group Newspapers, which has left the NPA negotiating structure, had agreed to honour the 5 per cent rise. News International, the other big group outside the NPA, has not yet followed suit.

The other production unions are also likely to accept.

Transport Bill under fire

THE Transport and General Workers' Union today accused Mr Nicholas Ridley, Transport Secretary, of "putting people last," saying it was prepared to take "whatever action was necessary" to prevent the Transport Bill becoming law.

Commenting on the Minister's claim that he was putting the customer first, Mr Bill Morris, TGWU national secretary, said Mr Ridley displayed a "callous indifference to the travelling needs of the ordinary public."

He said proposals for deregulation and privatisation would mean the loss of many rural and off-peak bus services, higher fares and worse safety standards.

Mr Morris said: "The Department of Transport received 8,000 responses to its White Paper. Most of them were highly critical.

"Seldom have government proposals provoked such unanimity of opposition. And yet Nicholas Ridley has pressed on regardless, ignoring the views of the industry and of the public it serves.

APPOINTMENTS

Quinton Hazell changes

Mr Ray Sollett has decided to resign as chief executive of QUINTON HAZELL, a Burmah Oil subsidiary, to take up other interests. He has agred to continue to be available to Burmah as a consultant. Mr Sollett has been chief executive of Quinton Hazell since 1976. When in 1982 Burmah announced its intention to divest itself of Quinton Hazell, he agreed to continue as chief executive for a period, to manage the group and to assist Burmah with the divestment programme. Mr H. W. Joynt, currently a director of Burmah Oil Trading, has been appointed managing director of Quinton Hazell, and will report to a new chief executive, whose appointment is expected in the near future. In view of Burmah's decision to dispose of Quinton Hazell, it is envisaged that these new appointments will be for the period required to achieve this objective.

*

Mr Charles Gonszor, Mr Frank Neale, Mr Michael Smith and Mr Eric Cater have been appointed directors of CITICORP VENTURE CAPITAL, venture capital financing organisation of Citicorp International Bank, subsidiary of parent Citicorp. The appointments are from February 1. Mr Jon Moulton has resigned as general manager. He is to join J. Henry Schroder Wagg & Co as managing partner and investment advisor to Schroder's venture capital trust.

*

FIOS SLUMBERDOWN has made two changes: Mr John Barr becomes managing director and Mr Graeme Murdoch financial director. Mr Barr has been marketing director since 1982.

*

Mr Chris Montagnon, previously finance director, Imperial Leisure & Retailing, has been appointed managing director, Imperial Retail Shops.

*

HOWARD MACHINERY has appointed Mr Bernard J. Adkins as group director of finance.

*

Mr Mark Dickson has been appointed group managing director of STROUD RILEY DRUMMOND. He was previously with Proctor & Gamble, managing director of UDS Tailoring (John Collier) and chief executive of Rosgill Holdings.

*

Mr M. H. Zucker has joined DEVITT (BLOODSTOCK), part of the Devitt Group, as an assistant director

*

Mr R. J. Brown has been appointed assistant managing director of LEWIS'S, store group and member of Sears Holdings. He was buying executive at Debenhams.

*

Mr Eric Molyneux has been appointed a division director with THE INDUSTRIAL SOCIETY. He joined the Society in 1978 from the British Steel Corporation where he was a senior work study engineer.

*

BROWN SHIPLEY (JERSEY), a wholly-owned subsidiary of Brown Shipley and Co. has apointed Mr David J. Berkeley as an executive director. He was formerly the corporate finance director of E. D. and F. Man.

*

ELSWICK-HOPPER has made the following apointments to the board of its subsidiary, Elswick-Falcon Cycles. Mr Norman Court is appointed managing director, having previously been marketing director. Mr Peter Hewitt is appointed financial and administration director.

*

RTZ COMPUTER SERVICES has appointed Mr John Chesher and Mr Richard Palmer to its board. Mr Chesher joined six months ago as manager of the software products division, and Mr Palmer heads the independent consultancy division that provides computer based management consultancy in many areas.

*

Mr J. G. Sanger has resigned from JAMES BURROUGH to take up an appointment with F. H. Tomkins. He will continue to be available to the board of James Burrough until a successor has been appointed.

*

McKECHNIE BROTHERS has appointed Mr Kevin Cubbage as chief executive of its consumer products division which comprises Harrisons of Birmingham, G. Hall & Co., Crayonne, Geeco Products, Declon, and C. G. Paxton. Mr Cubbage was director and general manager of the home and garden division of Wilkinson Sword and prior to that he was managing director of TI James Gibbons.

*

Mr Frank Teer has been appointed chairman of Research Surveys of Great Britain (RSGB). Mr Teer, an AGB Research main board director, was managing director of RSGB from 1972 to 1977. Mr Barry Ashdown, Mr Andrew House, Mr John Samuel and Mr Laurence O'Hagen have become directors of Langton Electronic Publishing Systems. Mr Ray Tookey and Mr Fred Chaffe have been appointed directors of Magnum Distribution. Mr David Jamieson has been appointed a director of Industrial Market Research. Miss Jenny Bevan and Mrs Julie Turtle have been made associate directors of RSGB. Mr Gordon MacMillan has been appointed a director of McNair Anderson Associates, AGB's Australian subsidiary.

*

Mr Pat Lithgow has been appointed managing director of CLARK INDUSTRIES, Hull. He was previously group accountant for four years with Clark's parent company, the Pegler-Hattersley Group.

THE WEEK IN THE MARKETS

Shock treatment for equities

LONDON

ONLOOKER

IN THE RUN up to this week's crucial Opec meeting the equity market achieved the admirable impression of an ostrich with its head firmly planted in the sand ignoring oil prices, sterling and interest rates. The gilt market, in sharp contrast, appeared a very nervous animal. Gilts had it right.

The combination of Dr Mana Saeed Otaiba and Mr Nigel Lawson soon jerked the equity sector back to face reality. Dr Otaiba, the United Arab Emirates' oil minister stormed out of the Geneva conference room after angry exchanges on Monday morning threatening the whole future of the oil cartel. The pound immediately came under pressure slipping to $1.1060 in London, share prices went into a tail spin—at one point the FT 30 Share Index was down 44.1 points—and gilts retreated further.

Mr Lawson was in no mood for half measures. It may have been Barclays Bank which set the ball rolling with a 2-point rise in base rates to 14 per cent but there was little doubt who was really calling the rise. Mr Lawson did not repeat his trick of wheeling out MLR again as he had two weeks before but the message was loud and clear.

Only American investors, who piled into the market late in the day, prevented Monday achieving the dubious honour of the most costly ever fall in the 30-Share. Even so, Monday's 24.9 point fall was one of the largest drops on record.

The slide in prices continued throughout Tuesday but by mid-week the market began to regain a little confidence. Opec had reached accord, sterling was back up to $1.1265 and money market rates had fallen back to under 13 per cent again.

Whether the Opec agreement will actually stick is quite a different matter. As for sterling it is still at levels which were unthinkable a few months ago and an early cut in base rates may not be the most attractive move for the authorities. A return to a base rate of 12 per cent seems right but whether it will be in a few days' or a few weeks' time is difficult to predict. Anyway, the return to 10 per cent looks a long way off—and that is what counts.

So what now? The market is still highly volatile, that is obvious. It certainly feels too high as well. The outlook seems less bright than it did only a couple of weeks ago and the full impact of the Chancellor's statements over the likelihood of tax cuts in the Budget is yet to get fully home.

The danger is that there could be an over-reaction in which equity prices fall by more than just a few percentage points. The outlook for corporate profits might not be so rosy as it was a month ago but anything more than, say, another 5 per cent off the market would look too much.

Edinburgh links

The contortions in the financial services sector took another twist this week when Barclays Bank sold its long standing investment in Bank of Scotland to Standard Life.

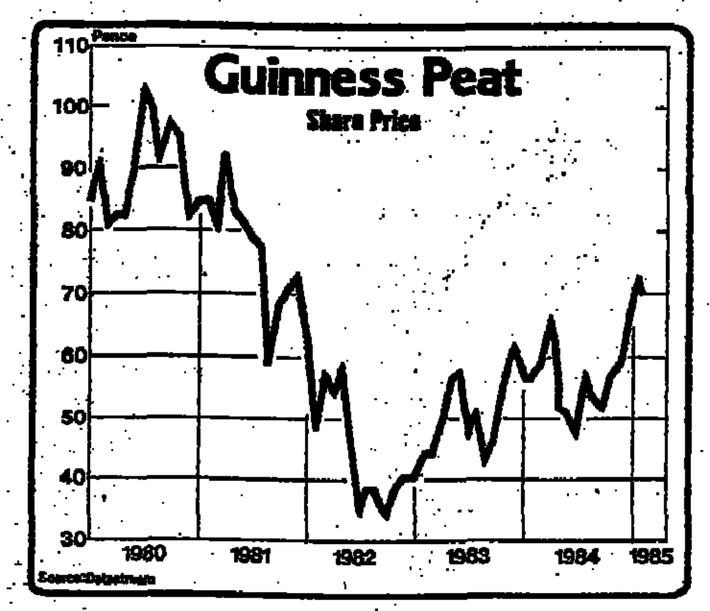
It looks like an excellent deal from Barclays' standpoint. Standard has paid 550p a share, £155m in all, for a 34.3 per cent interest in the fellow Edinburgh-based group. That is a premium of 80p over the price ahead of the news and a valuation of around 20 per cent above Bank of Scotland's asset value.

Barclays had held an investment in the Scottish bank since 1969 but in recent years increasing conflicts of interest have emerged with both groups wanting to push into each other's traditional territories. There never seemed to be any real question that Barclays would attempt a full takeover so Standard's interest was no doubt warmly welcomed in London.

It gives the British clearer a chance to kill two birds with one stone. For, quite apart from the developing problem of holding a large stake in a rival bank, Barclays needs the money. The transaction improves its free capital ratio by around 0.2 per cent. While the £155m does not completely squash thoughts that a rights issue might be needed, it seems at least to defer the evil day and if a cash call does eventually emerge at least shareholders may be spared the pain of digging deep into their pockets.

Anyway Bank of Scotland's management must be glad to have Standard as a shareholder. As long as Barclays sat on such a large proportion of the equity there was always a fear that a predator might emerge willing to take Barclays out at a handsome profit. Standard is almost certainly not predatory.

So without an element of bid speculation investors might like to reappraise Bank of Scotland's rating. It has a strong local fan club and its performance deserves a premium rating but that premium is beginning to look a little too high.



Guinness/Britannia

The second divison of the financial services sector had its own story of three cornered manoeuvring. Guinness Peat has struck a deal with United Kingdom Temperance and General Provident Institution to buy its equity and convertible interest in Britannia Arrow raising its interest in the rival investment and banking group to 25.2 per cent. In return Guinness will issue equity and convertible that could eventualy give UKPI over 27 per cent in Guinness.

Rumours of a bid for Britannia have been around for some time and following the departure last December of Stuart Goldsmith, who had been a leading light for some 13 years, there does seem to be a management void. But this transaction by no means signals a bid from Guinness. For a start the UKPI sale is conditional upon the life company not getting a better offer for its Britannia stake before March 8. Not that Guinness would then lose out, it would be paid a seven-figure sum for its trouble.

For the moment, assume the transaction goes through. Guinness has established an interest in retail financial services—but only at arms length, close co-operation seems very unlikely. The deal was struck without Britannia's knowledge and its management is understandably cool towards a competitor taking such a large stake.

Perhaps, if Britannia didn't own Singer and Friedlander—which clashes with Guinness Mahon—Guinness might be interested in making a bid. The two managements know each other reasonably well having rubbed shoulders back in 1982 when Guinness was thinking of selling its merchant bank long before Britannia bought S and F. As it is a top end limit of say 29.9 per cent in probably Guinness' ambition, and if someone came in with a bid at a later date it would have few qualms about parting with the holding.

For Alastair Morton the real attraction of this transaction is what his own share register gains—a large and friendly shareholder in the shape of UKPI. The two have done a certain amount of business over the years and further links could develop. Also Lord Kissin, who still sits on nearly a tenth of the equity though he is no friend of Mr Morton, will have his investment diluted to under 8 per cent. That must be an attractive side issue for the Guinness management.

Top rank

Ahead of the full year figures from Rank Organisation the City was confident that the group was at long last getting its act together. Outside forecasts were grouped around £100m pre-tax, against £69.3m, and the share price was touching levels unseen for more than a decade.

To a large extent investor confidence was built on predictability. New management, injected after the institutional revolt two years ago, has been busy pushing out loss makers and steadily reducing debt by disposing of peripheral activities

The figures actually turned out to be a shade better than most expectations with pre-tax profits of £105.3m—an increase of 52 per cent. The loss elimination and interest savings were anticipated and it would have been surprising if Rank Xerox had not reversed the dismal trend of recent years.

But perhaps the most telling feature of the results is the way the new managers have squeezed an extra 25 per cent of trading profits out of the businesses they look after.

Inevitably the market is looking for an encore. Possibly profits can be pushed back up to the previous peak of £131.2m achieved in 1979. That looks realistic given the reshaping Rank's management has already achieved and that Xerox should have a good year, at least in margin terms.

The shares have come a long way since the dog days of two years ago but even so they command no more than an average earnings multiple while the yield is a touch above the norm.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984/5 High	1984/5 Low	
F.T. Ord. Index	977.5	−25.3	1,024.5	755.3	Volatile on sterling
F.T. Gold Mines Index	482.0	+42.5	711.7	439.5	Rand support moves
Babcock International	146	−24	174	122	Broker's advice circular
De Beers Deferred	412	+64	616	340	U.S. buying/figs. due March 12
Debenhams	190	−21	222	141	Consumer spending worries
Exco International	662	+37	690	362	Talk of U.S. bid for Telerate
Falcon Resources	404	+84	425	84	U.S. exploration news
First Castle Elects.	120xr	+12	126	89	Broker's recommendation
Haden	214	+26	244	132	Speculative buying
Haynes Publishing	340	+50	340	172	Good first-half figures
Marler Estates	150	+18	152	88	Stamford Bridge devel. hopes
Microgen	995	+185	£10	375	Good annual results
Milford Docks	75	+7	84	28	Consortium bid hopes
Petrolex	68	+18	77	50	Bid from Clyde Petroleum
Powell Duffryn	395	−35	448	268	Hanson Trust bid lapses
Rank Organisation	338	+12	344	182	Results exceed expectations
Shell Transport	745	+28	755	538	Opec agreement
Smith (W.H.) A	188	−30	222	118	Comment on interim results
Systems Designers	575	+80	580	253	Acquisition news/rights issue
Warner Estate	585	+35	585	425	Excellent annual results

As bullish as a matador's convention

NEW YORK

WILLIAM HALL

THIS WAS the week when Wall Street moved on to new high ground and completed a record-breaking month for U.S. shares which has sent the market historians looking back for decades to find any parallels.

The week began on a firm note with advancing shares outnumbering declining shares on Monday for the 16th consecutive session and turnover on the New York Stock Exchange (NYSE) topping 100m for the 13th day in a row. The broader-based market indices continued to make new peaks but it was not till Tuesday that the Dow Jones industrial average broke through its November 1983 peak of 1287.20.

The blue chip index, which had been lagging the market's upward march over the past three weeks, suddenly sprang to life in the last half hour of trading on Tuesday and by the close had put on close to 15 points to finish at 1292.62. IBM, the bluest of blue chips, was at the centre of the action, surging $2⅞ to close at an all-time high of 137.

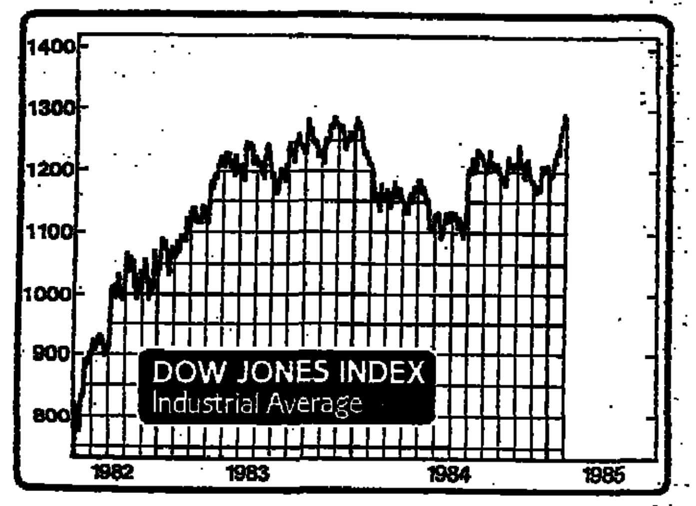
This was not bad going given that IBM shares had started the year a fraction above $123. Other blue chips such as General Motors and General Electric were also very buoyant and by mid-week were showing gains of between $6 and $8 on their end December levels. Not surprisingly Merrill Lynch, the huge brokerage firm, has been one of the prime beneficiaries of the Wall Street rally. Less than a month ago its shares were trading under $27 but by Tuesday evening they were up by close to a third at $34⅝.

While this week's moves in the prices of some blue chips caught the eye it has been the smaller capitalised issues which have been fuelling the stock market's momentum amid growing evidence that the small investors have been returning to the market in droves. The assets of U.S. money market funds fell by $2.8bn last week, the sharpest drop in nearly two years, and much of this money appears to have been channelled into the stock market.

By Tuesday evening the Nasdaq composite index, which tracks the over-the-counter market, had risen 11.6 per cent since the start of the year compared with a 7.3 per cent rise in the NYSE composite index and a 6.6 per cent rise in the Dow Jones industrial average, the most closely watched barometer of stock-market activity.

Although the Dow lost ground on Wednesday and Thursday, the underlying market remained firm with the NYSE composite index and the S & P 500 continuing to hit fresh peaks. By Thursday evening the 500 was standing at 179.63 and rising shares had outdistanced declining shares for the 19th conseceutive session. For more than three weeks volume on the NYSE has been running at over 100m shares a day and nobody on Wall Street can remember a time when the market showed such breadth.

There is more bullish talk on Wall Street of present than at a matador's convention and the gloomy prognostications of only a month ago appear to have been dismissed, which should make investors nervous about the longer-term potential for the stock market's present rally. Wall Street is confident that the Dow will break through the 1300 level but beyond that opinions are mixed.



January's sharp rally has been underpinned by news that the U.S. economy is behaving more strongly than expected, interest rates are dropping and U.S. inflation is dormant. But tihs week saw some pointers which once again clouded this optimistic picture. The index of leading economic indicators fell in December, to the surprise of many economists, and short-term interest rates jumped sharply on Thursday amid speculation that the Fed might be tightening its credit grip to curb recent money supply growth.

Then there is the problem of the U.S. budget deficit which the stock market appears to have forgotten about for the time being. "It is like being at a party, knowing that the cops might come to break up the fun but you do not know what time they will arrive," was how Adam Smith, the wellknown Wall Street commentator, summed up Wall Street's euphoria.

AT&T, the most widely held stock on Wall Street, started off another heavy round of corporate reporting this week. "Old Ma Bell," as it is commonly known, earned $1.25 last year which is well below the $2.02 prediction before the break up of the U.S. telephone system, but this has not prevented its shares outperforming the market for much of the last year.

Since the start of 1984 AT & T's total return to shareholders, including reinvested dividends, is up by about 30 per cent. While its lacklustre earnings performance is expected to continue in 1985, analysts are bullish about the company's longer-term potential

MONDAY	1277.83	1.77
TUESDAY	1292.62	14.79
WEDNESDAY	1287.88	−4.74
THURSDAY	1286.77	−1.11

USM column: Stefan Wagstyl

Boost for oil groups

THERE is nothing like a takeover bid to bring a shine back to stocks which appear to be rather dull and depressed.

This week, USM oil companies perked up on the news of a £9m bid from Clyde Petroleum for USM-quoted Petrolex, which Petrolex immediately rejected.

Petrolex shares, which had slipped to below 50p from a flotation price of 68p last May, jumped to 64p on Thursday following Clyde's 58p a share cash offer.

The first indications from the market were that Clyde would have to raise its offer if it were to succeed with a bid some oil analysts described as "opportunistic." Rumours were rife, too, that another bidder might step into the ring.

Petrolex was exposed to a bid for several reasons. First, there is the great attraction of its main asset — a 0.25 per cent stake in the Forties Field in the North Sea which is producing oil and generating cash. The costs of exploration elsewhere in the UK and in its waters can be offset against the tax payable on such production.

Second, Petrolex has been relatively unsuccessful in its own recent exploration programme. Most notably, hopes were high at the time of its flotation on the USM that the company would strike lucky with its 22 per cent stake in block 14/8 in the North Sea where the operator is Elf — but a well drilled last year turned out to be dry. This disappointment inevitably hit the share price.

Third, the share prices of USM oil and gas companies have generally been depressed in recent months because of worries over weak world oil prices. The sector, which rallied briefly last spring during a heightening of tension in the Iran-Iraq war, has fallen behind since.

These movements are a reflection of market sentiment rather than hard commercial logic, since the current oil price carries very little importance in the valuation of these largely exploration-orientated companies — what matters is the success at the drill-head. Moreover, for those companies with production interests, the impact of a fall in the oil price is mitigated by a reduction in the petroleum revenue tax payable.

Clyde's bid for Petrolex could well prompt some lively movements in the shares of other USM companies, not least because Dr Colin Phipps, Clyde's chairman, this week reaffirmed his intention of building up production stakes in the UK. Clyde needed cash flow now to fund exploration work before its major developments, notably Wytch Farm in the South of England, came on stream after 1988.

But takeover talks only serves to underlines that investing in these small oil and gas stocks is very much a speculative business.

Shares tend to languish for months before waking up in advance the drilling of a well in which the company has a stake. There often follows a bout of frenetic activity until a definitive announcement is made.

Investors need to be aware of the areas and the wells in which a company is participating, with stakes which may typically range from under 5 per cent to over 20 per cent. For example, Invent Energy Holdings, the best performing USM oils stock over the past year (see table), has interests in the Paris Basin in France which have particularly attracted the market. Saxon Oil, the largest USM oil and gas company and another strong share over the past 12 months, has established a reputation for prospecting

By contrast, Berkely Exploration and Production has risen over the past year because of the acquisition by Charterhouse Petroleum of an 18 per cent stake. With the French group Elf also holding 30 per cent, takeover talks has been in the air.

USM OIL AND GAS COMPANIES

	Value at 31/1/84 or at flotation	Value at 31/1/85	% Change
Berkeley Exploration	88.00	126.00	43.19
Bula Resources	0.40	0.15	−62.50
Cluff Oil	100.31	48.00	−52.15
Edinburgh Oil and Gas	85.00	66.00	−22.36
Ennex International	0.50	0.39	−22.00
Floyd Oil	93.00	73.00	−21.51
Hadson Petroleum	72.00	36.00	−50.01
Ind. Scot. Energy	140.00	125.00	−10.72
Invent Energy	323.00	560.00	73.38
Monument Oil & Gas	30.00	23.00	−23.34
N. Sea & Gen.	125.00	80.00	−36.01
Petrolex	68.00	65.00	−4.42
Piet Petroleum	163.26	131.00	−19.76
Saxon Oil	282.70	390.00	37.96
Steaua Romana	32.00	31.00	−3.13

Source: Datastream

SAVINGS OFFERS

YOUR SAVINGS AND INVESTMENTS

The taxman may relent

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

My son has been working for several months and has now gone to college so he will not be earning any more money in the current tax year. He was paying tax on a PAYE basis and his total earnings are slightly over the single person allowance but as it was over a period of five months he has paid some £400 in tax. He will however only be liable for 30/40 tax at most on a full year basis.

I know of several students who have had their tax repaid after writing to their tax offices explaining the situation and one office I visited agreed that this should be the procedure. His local office, however, refuses to adopt the same procedure insisting that he claims a repayment every four weeks so he will not get his full adjustment until April. It is claimed that tax can only be repaid on retirement or if a married woman gives up work, and I am wondering whether you can tell me how my son can get his excess tax back.

Is the local inspector being difficult or are a number of the other inspectors wrong?

The inspector's caution is based upon the possibility that your son may get a holiday job. If he submits a formal undertaking not to do any paid work on or before Good Friday, 5 April (and not to place any money in an interest?bearing account this year), the inspector may relent.

Renouncing a will

Can a wife renounce her husband's will which leaves his estate to her and allow it to pass straight to her daughter, an only child of the marriage, without creating tax problems? The estate does not exceed £50,000.

Yes, a local solicitor can explain the procedure and draft the renunciation document.

Neighbours at odds

Is there any legal limit (law or by-law) concerning the distance between a garden boundary fence and shed or garages erected in the adjoining garden?

My neighbour—a builder—erected a shed about 4 ins from my fence so that I was unable to carry out repairs.

Consequently I had a new fence put up with the good side facing inwards. Now he has erected a large concrete garage, the side walls are about 4 in from the fence and 2 ins from my fence posts. Guttering or a runway for rainwater has yet to be completed. The water I fear will congregate at the front of my fence.

Mine is a semi-detached property with a shared drive. The roginal lease stipulated that no business was to be carried on in these properties. Freeholds have since been purchased. I am told that my neighbours concrete garage is likely to be used for storing building supplies and at present he already runs a small tractor up and down the drive.

I have lived here for 30 years and have no wish to live next to a builders' yards. The avenue is zoned as a residential area. Could you tell me what recourse I have? Incidentally my neighbour (of four years) and I do not communicate and will not do so.

There is no such limit as you envisage: but if you have regularly repaired and/or maintained your fence on the outer side for more than 20 years you may have a right on which you can insist, to have room to enter on your neighbour's land or air space to effect such repairs or maintenance.

It is most unlikely that you have any recourse against your neighbour. You should however check that the transfer of the freehold title to you does not impose restrictive covenants. If it does, these might be in such a form as to enable enforcement of similar covenants against your neighbour but only if they set up a scheme which envisaged reciprocal enforcement.

VAT on bank charges

My wife had a small holding of shares in an Australian company which was recently merged into a trust. The shares were held on her behalf by a nominee company in Australia.

Arising from the corporate reorganisation her bank here has debited her account with it for the overseas nominee company's charges for "Communicating with you to inform you of the offer, taking appropriate action on your instructions, tendering old certificates, obtaining new ones and updating records" and "Safe custody fee on securities held abroad in Australia." To these charges the bank has added UK VAT at 15 per cent.

On challenging the VAT addition I was first informed that "Although the agent was in Australia the fees were payable to the agent here and therefore VAT is applicable."

Finding this explanation unacceptable I took the matter up at regional head office. There I was advised that "Classification of services for VAT purposes is determined not only by the type of service given but also by the domicile of the company providing that service. This type of service does attract VAT at the standard rate, even though the transfer was effected in Australia since the bank has been instructed by Customs and Excise to collect VAT on all chargeable transactions when the bank acts as principal."

On questioning this I was told by the branch manager that it is the domicile of the client which determines the charge to VAT. I have not been offered any explanation, however, of how the bank can be considered to be acting as a principal where the matter concerns only my wife and the overseas nominee company and when the bank's role has been confined to acting as a channel of communication—for which it has made a separate charge.

I would be grateful for your advice on how to convince the bank that the addition of VAT to its charges is incorrect.

You raise an interesting question. We think that the VAT position depends on the relationship between all the parties involved. If it is clear that the UK bank was merely acting as intermediary between your wife and the nominee company we see no reason for the addition of VAT to the fees charged. The question to be answered is whether the nominee in Australia was rendering a charge to the UK bank for its services and whether in addition the UK bank was rendering a service to your wife. You state that the UK bank has made a separate charge for being a channel of communication. Without knowing exactly for what services this charge is made and the documentation under which the nominee company in Australia acts it is difficult for us to answer with certainty. VAT can only be charged by the UK bank if it is making a service. If it is passing on charges by someone outside the UK which do not form part of the services rendered by the UK bank no VAT can be charged. You should pursue the matter.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Clive Wolman looks at volatile interest rates

Bonanza for the fleet-footed

THE SHOCK of a further 2 per cent rise in the banks' base rates on Monday ought to have been a boon for savers.

In fact only those who were quickest off the mark on Monday afternoon were able to reap anything like the full benefits of the increase. At that stage, it was possible to buy short-dated Government "gilt-edged" securities at a redemption yield of more than 13 per cent before tax.

Since then, however, the prices of short-dated gilts have edged upwards again and their redemption yields have fallen in most cases to around 11.5 per cent. The banks have yet to move their base rates down, but they are expected to do so next week. It now seems unlikely that either the building socieities or the Department of National Savings will raise their rates further beyond the increases announced last month.

The highest rates on offer at present for small savers are those of the money market trust funds and bank accounts listed on page 25. Some are still offering rates of above 14 per cent, on a fully compounded basis, for money which can be withdrawn at little or no notice.

But these rates can be altered at any time and if base rates are cut next week, the money market account rates will fall at the same time. The only way to lock your money up at a guaranteed rate of interest which will not be cut is to buy gilts or National Savings certificates.

These Government instruments have a further advantage for taxpayers in that, provided you choose your investment carefully, you should avoid paying tax on most returns.

The most attractive guaranteed returns for longer term savings are currently being offered by the National Savings Yearly Plan. From this week it has been offering a rate of 9.28 per cent tax free. But you have to make monthly payments for a year, up to a maximum of only £100 per month, after which you receive a certificate which you can cash in only after a further four years to receive the full 9.28 per cent annualised rate.

A new 30th issue National Savings certificate will go on sale on February 13 in which you can invest up to £5,000. It offers a tax-free return of 8.85 per cent tax-free, but only if the investment is held for five years.

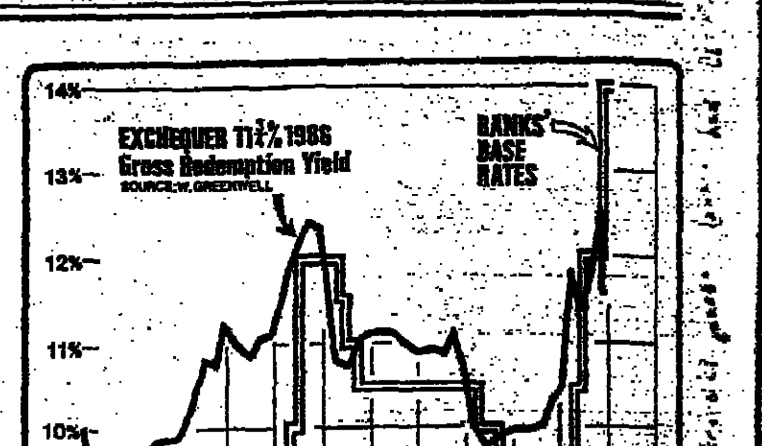
Those wishing to tie up their money for shorter periods should turn to the gilt-edged market for the highest returns. If you ned to withdraw your money after only six months, the most suitable gilt is the Treasury 8¾ per cent Conversion stock. According to stockbrokers Phillips and Drew, at yesterday morning's prices, you should expect an annualised return of 11.1 per cent. But you must sell the stock by July 29 to avoid paying tax on the dividend which will depress the return.

If you want your money tied up for a year at current interest rates, a better stock to choose would be the Exchequer 11¾ per cent 1986 due to be redeemed next February. You will have to pay tax on one dividend but you should sell before the second is due next January. The yield to basic rate taxpayers then will be about 9.9 per cent and to 50 per cent taxpayers about 8.8 per cent.

These yields are only slightly above the most attractive rates of interest offered by the smaller building societies, as published in last Saturday's editon. In fact, when the costs of buying gilts through a stockbroker are deducted, such building society investments as the Skipton Sovereign Shares, Peckham Super Shares or Wessex shares probably offer equally high returns.

But building societies are free to alter their interest rates in accordance with market conditions. Earlier this week, it appeared that they would be forced to raise their rates further, after already raising them once the previous week by about 1 per cent.

But the Building Societies Association now appears likely to recommend that no changes in mortgage interest rates or investment rates will be necessary. Judging by the structure of current market interest rates on gilts of different maturity dates, there is a widespread expectation that over the next few months interest rates will fall further.



Such a fall would probably require no further deterioration in the value of sterling on the foreign exchange markets. That, in turn, will depend partly on there being no further cuts in the price of oil nor any acceleration in the rate of inflation beyond the 6 per cent generally forecast for the next year.

But if you think that on balance a fall in bank base rates beyond 12 per cent is most likely, then avoid the floating interest rate investments offered by building societies and by the money market bank accounts, and go for National Savings or gilts.

Where borrowers are concerned, so far only one major institution granting home loans has responded to this week's rise in base rates by upping its mortgage rate—the Trustee Savings Bank raised its interest rate from 12 to 15 per cent. Many banks and building societies have not yet responded even to last month's 2½ per cent rise in bank base rates to 12 per cent.

When the market outlook becomes clearer, and after the BSA meeting next week, most mortgagors are likely to find themselves paying around 13 per cent interest, at least for smaller loans. But if you can, avoid making any commitment to paying any interest at a fixed rate, although some lenders may insist on imposing such a rate in the first year of their loan. It now seems likely that if mortgage rates are to move again over the next few months, it will be downwards rather than up.

Progress reports from the corporate sick bay

MINING

GEORGE MILLING-STANLEY

THE GIANTS of the north American base metal mining scene have borne a marked resemblance to hospital patients over the past few years, and even though worldwide economic activity has regained its health of late, the prognosis for many of the companies over the rest of 1985 is not encouraging.

Virtually no-one is expecting any improvement in metal prices this year, and if there is any increase in demand this is likely to be nipped in the bud pretty smartly as idle capacity is brought back into production.

A number of companies have already undergone major surgery, or are planning to do so in the near future. Atlantic Richfield, for example, has written off the whole of its Anaconda metals subsidiary, while Standard Oil of Indiana recently announced plans to float off the bulk of Amoco Minerals to its own shareholders.

This week, Asarco joined the ever-lengthening list of companies which have decided that the only way back to economic health lies in submitting themselves to the corporate surgeon's knife.

The group, the largest producer of non-ferrous metals in the U.S., plans what it calls "indefinite suspensions" at some of its plants, and permanent closures at others, and has written down the value of its metal-producing assets by U.S.$216m.

The largest component of the write-offs is an amount of $120m for the indefinite suspension of operations at the zinc smelter and refinery at Corpus Christi, Texas. The shutdown is planned for the second quarter of this year, and will mean 275 lost jobs.

Corpus Christi was reopened a year ago after a 16-month closure, but Asarco explained that margins on the facility's custom processing business have been unsatisfactory since the reopening, owing largely to an excess of zinc smelting capacity in the world.

Asarco has also written off two other zinc plants, one on Montana and one in El Paso, Texas, both of which provided feed for the Corpus Christi operation. Other plants in Ohio and Illinois will remain in operation, but their value is being written down.

In addition, the group has written off its remaining interest in the Sacaton copper mine in Arizona and the Little River lead-zinc mine in New Brunswick, along with write-downs against the value of its oil and gas properties and provisions for the closure of several other metals operations.

Phelps Dodge, meanwhile, the big copper producer which has been on the critical list for some time, this week came up with a scheme which is clearly designed to ensure the group's long-term survival. The company, the second biggest copper producer in the U.S. behind only Kennecott, is discussing the sale to Japan's Sumitomo Corporation of a significant minority stake in its Morenci copper operations in Arizona.

Previous attempts to raise sufficient funds to keep Phelps operating in something like its present form have been confined to the sale of downstream operations, largely in copper fabricating. The fact that Phelps is now contemplating the sale of a stake of between 20 and 50 per cent in its core business, and in what it acknowledges to be its principal mine, is a measure of the problems the company is facing.

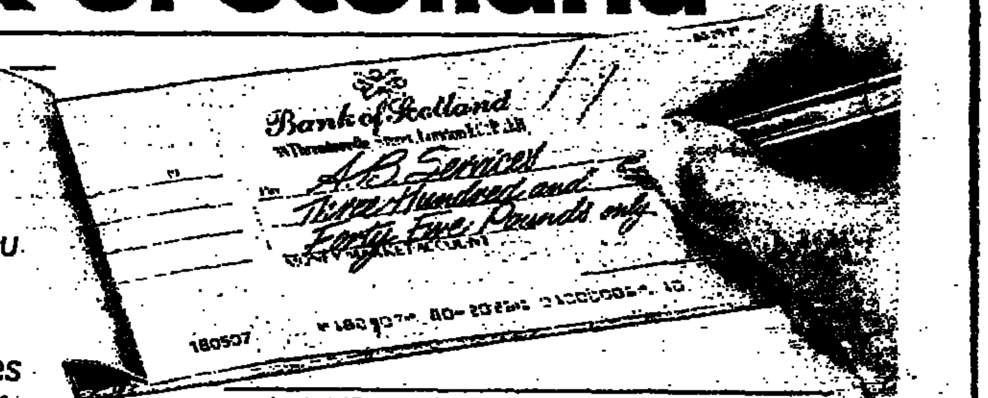
The operations under discussion, including the Morenci and Metcalf open-pit mines and concentrators, are running at full capacity at present and producing 200,000 tons of copper a year, and have a life which is expected to stretch well into the next century.

The measure has an air of desperation about. Phelps is clearly hoping that this will not be a case where the operation is a success, but the patient dies.

Better news came from Falconbridge, the Canadian nickel producer, which seems to be emerging fro ma period of convalescence. The company moved swiftly at the onset of the downturn in metal prices to start cutting is operating costs, and has done so with such success that it was able to announce a return to profitability for last year.

Falconbridge made net profits in 1984 of C$28.7m, before extraordinary gains arising largely out of the sale of its interest in Superior Oil. These gains brought the final profit figure to C$80.2m, which compares with 1983's loss of C$16.6m.

Two other crippled giants from north America, Amax of the U.S. and Canada's Inco, are due to announce their figures for 1984 in the coming week. Both bulletins will be awaited with interest.



YOUR SAVINGS AND INVESTMENTS

David Lascelles on instant credit

Birth of the card for all reasons

UNROMANTIC THOUGH it sounds, the age of the magnetic stripe could be said to have dawned this week.

A couple of announcements by British and European banks herald the day when you will be able with a single card with a magnetic stripe on the back to shop, pay your bills and get cash virtually anywhere in Europe at the push of a button.

The key to all this is an agreement by banks in 17 European countries to teach their computerised payments systems to talk to each other so that a card issued in one country can activate cash machines and shopping terminals in another—and debit your bank account back home. This is a whole technological step forward from the present international credit card system which is based on paper slips.

Within the UK, banks and shops have also agreed to go ahead with their long-planned scheme for cashless shopping. On the Continent several countries, notably France and Belgium, are also advancing on this front.

Europe has three principal payments systems at the moment. Two are based on the leading credit card groups: Visa (which includes Barclaycard) and Eurocard (to which Access belongs). The third is run by Eurocheque, the Brussels-based association of banks from 16 countries who offer uniform cheques and credit cards.

The banks hope to have all three linked up by next January 1. But that will not necessarily be the day when you can roam the Continent with just a plastic card because the three systems are only partially linked up internally.

UK-based Visa or Barclaycard holders, for instance, should by the end of this year be able to use cash machines and shopping terminals in Spain, France, Italy, Norway and Sweden. But other countries will not be tied in until later. Apart from Barclays, the main banks issuing these cards are the Bank of Scotland, the Co-op bank and the Trustee Savings Banks.

The Access card (issued by NatWest, Midland, Lloyds, Williams and Glyn's, Clydesdale and the Royal Bank of Scotland) does not activate any machines abroad at present, though there are plans to make it. Bus tmost of these banks also issue Eurocheque cards (as do Yorkshire Bank and the Co-op bank) which can be widely used.

At the moment, Eurocheque cardholders from the UK, Belgium, Germany, Ireland, Holland (and next year Switzerland) can get cash from banks in Spain and Portugal with anothre four countries due to come on line soon.

American Express cardholders who have been issued with PIN (personal identification numbers) should also eventually be able to use cash machines and shop terminals abroad.

Before long, and certainly by the end of the decade, Europe's cash barriers will have gone, and a tourist from the north of Norway wil lbe able to work a cash machine on a Greek island.

But part of the scheme—in the UK at least—depends on the success of this week's other development: UK banks' plans for cashless shopping. This entails creating an elaborate and expensive network of shop terminals that will allow shoppers instantly to transfer money from their bank account to the merchants' using a plastic card at the till.

The scheme has been in the works for years and has been bedevilled by doubts over who should pay for development—and whether shoppers actually want it.

But the banks and retailers say their market research shows consumers like using machines, and they have asked accountants Deloittes Haskins and Sells to work out how the cost (which will be in the hundreds of millions of pounds) should be shared out. A pilot scheme should get under way within two years, and a quarter of a million terminals will be working by the end of the decade.

Michael Hardie (left), Ronald Florence and Richard Lowman of Friends Provident, beside a stained glass window depicting William Penn

A little help from Friends'

How does a professional fund manager choose his portfolio? The first of a series by GEORGE GRAHAM.

"WE'RE NOT trying to be a go-go fund," says Michael Hardie, general manager of investments at Friends' Provident. "We're never going to be a fund that you should lose too much sleep over."

But Friends' Provident Equity Units has not been a stodgy performer. With Hardie overseeing, fund managers Ron Florence and then Richard Lowman have made investment units of £1,000 grow to £3,932 over the last five years, which represents a growth rate two and half times that of inflation.

The basic idea at Friends' Provident is to try to find good growing companies, many of them relatively small. Some attention is paid to the industries they are involved in, but the fund's investment in different industrial sectors does not follow a formula.

Although the managers keep an eye on the relative importance of these sectors, the proportions they hold in their portfolio often move out of line with the weightings of the FT All Share index.

The same approach applies to formulae for analysing individual shares. Friends' Provident managers look at price/earnings ratios and study charts, but mainly as a background to making their decisions on each company's merits.

"You can never get away from the fundamentals of a holding," says Hardie. "I think you do things mentally without using a formula." Again and again, he stresses, reliance on common sense.

The approach has turned up some useful shares — Burnett and Hallamshire provided substantial gains early on in the fund's life, while BTR and Hanson Trust did well and are still important components of the portfolio.

But one of the star performers became a headache. "The trouble with Polly Peck," says Hardie, "is that it did too well."

As the price of shares soared to £35, Hardie found the Polly Peck stake was forming too large a chunk of the portfolio.

When Polly Peck tumbled again, it took the Friends' Provident fund down with it. It was the main reason why units fell in value in the early months of 1983 while the All Share index was still rising.

"We didn't want to sell because we believed in the long term," Hardie says, "but you have got to reduce the holding when its price goes out of control."

In its early years the Equity Units fund stayed small, around the £1m-£2m mark, and this flexibility helped it come out of the stock market slump of 1974-75 relatively unscathed.

It has now grown to £20m, largely through the addition of a life insurance link in May 1983, and the inflow of funds has had its effect on performance.

"When the market is moving ahead, it's almost impossible not to lag a bit if you've got a lot of money coming in," Hardie says.

Last year the unit trust gained more slowly than it might have done, partly because of a decision to move some of the fund into cash when the stock market in fact moved strongly upwards, and partly because the smaller companies that make up a considerable part of the portfolio fared relatively badly.

"It doesn't worry me at all because I think the smaller companies will do well in the longer term," Hardie says. "In the long run you should beat the All Share average, but if you don't, at least you should know why."

Barry Riley reports on the changes in marketing control

Checks and balances in packaged finance

THIS WEEK'S Government White Paper on financial services maps out a number of important changes in the shape of financial products and the ways in which they are marketed. It may be almost two years before legislation is actually passed. But in due course investors can look forward to significant developments in the field of what the White Paper somewhat inelegantly describes as "pre-packaged" investments. These innovations include:

- New systems for licensing and supervision of salesmen and intermediaries involved in marketing packaged products, principally unit trusts and life assurance plans.
- Greater pressure to comply with voluntary limitations on levels of commission, with the sanction that those wishing to charge according to above-standard scales will be required to disclose commissions at the point of scale.
- Introduction of a new kind of variable capital investment company, falling halfway between existing "open-ended" unit trusts and the closed investment trusts which are severely restricted in the extent to which they can expand or contract.
- Introduction, too, of "restricted" unit trusts to replace the existing category of "unauhorised" unit truss. It will be possible to promote restricted trusts rather more freely than unauhorised trusts, which can only be sold to professional investors. The aim will be to permit conscientious investment advisers to sell higher risk trusts to knowledgeable, but not necessarily professional, investors.
- The lifting of "cold-calling" restrictions on selling authorised unit trusts, so long as effective cooling off arrangements can be devised to give investors time to think about the commitments they are taking on.

The Government suggests that a new body called the Marketing of Investments Board (MIB) should be set up to supervise the whole pre-packaged investment sector. It would act in co-operation with a larger organisation called the Securities and Investments Board (SIB) which would regulate many of the City of London's direct investment markets such as the Stock Exchange and the commodity futures exchange.

Already, consultations are underway to find a chairman and board members for MIB. However, it is not entirely clear that it will ever see the light of day as an independent entity, because there is a strong body of opinion in favour of rolling up the whole regulatory apparatus within a single umbrella agency. Even the policymakers seem to be divided on this point.

The argument for setting up a separate MIB appears to be that it would have a clear but limited role in supervising the marketing of life assurance, unit trusts and personal pension plans. It would not supervise the life offices and unit trust companies themselves, because this work is already done adequately by the Department of Trade and Industry.

The life assurance companies favour MIB as a vehicle which could put some teeth into the life industry's plans to implement a voluntary code regulating commission levels on a wide range of traditional life, unit-linked and personal pensions plans.

Some 64 life offices representing a claimed 75-80 per cent of new business volumes are backing Rolac—the Register of Life Assurance Commissions—which has drawn up a schedule of standard commissions and is gearing up to go into full operation at the beginning of 1986.

The Government's White Paper gives qualified support to Rolac's argument that life offices following these standard terms should not be required to disclose specific commission levels to clients at the point of sale—thus escaping the "rigorous disclosure requirements" imposed on other companies.

All life offices are apprehensive at the possible impact the disclosure of commissions could have on the volume of business done through their traditional sales outlets. Consumers might be reluctant to enter into contracts if they knew that sums often running into hundreds of pound were being paid to agents, rather than going into the underlying investments.

Rolac members are hoping that the disclosure threat will whip into line the non-joiners, which include a number of young, fast-growing unit-linked offices.

But if MIB is absorbed into SIB, disclosure policies might come under the control of more broadly-based regulators with less sympathy for the particular anxieties of the life assurance industry.

Meanwhile, the unit trust industry is not particularly enthusiastic about being regulated by a separate MIB. Many of the unit trust groups would have to register with SIB in any case, because they have investment activities outside unit trusts. It would be simpler just to be regulated by one body.

YOUR SAVINGS AND INVESTMENTS

Clive Wolman examines the Chancellor's options for the Budget

Think before acting over pensions

THE HEADLINE on one of the many advertisements published recently urging readers to invest ahead of possible tax changes in March's Budget, reads: "Pensions scare—act now!"

Fears that Chancellor Nigel Lawson will remove some of the tax privileges of pensions have been heightened this week by cuts in the price of oil and a further two per cent hike in interest rates. These developments are expected to reduce Government revenue and intensify the Chancellor's search for alternative sources.

The message of the promotional material of insurance companies, pension brokers and salesmen is that you can escape whatever designs the Chancellor may have on your pension tax privileges by acting now. And that means embarking on a pension plan if you do not already have one—or increasing your contributions, either to a self-employed or even a company scheme. Some plans even offer you the facility for taking loans in order to increase your contributions further.

Last March, on the basis of a leaked report that the Chancellor would remove life assurance premium relief on new policies, insurance companies sold record numbers of them in the week before the Budget. An dthose who signed up in advance will continue to receive premium relief for the duration of their policies.

But it would be dangerous to assume that the same trick will work twice. At the very least, forestalling a tax change on *pensions will be much more* complicated. So you must assess the risks before rushing to hand over large sums of money to a pension salesmen, or before signing contracts to make regular contributions from now until retirement.

The argument for committing large sums to a pension plan in advance of the Budget hinges on the belief that the Chancellor will not impose any tax retrospectively. This was the principle hefollowed last year in accordance with traditional Conservative Party thinking.

But, taken to its logical conclusion, the principle would require a phasing-in of any pensions tax return over a period of 70 years or more. Only when the last 20-year-old now in a company pensions scheme (and his spouse) have died could the new tax rules become fully *operational.*

Thus, for example, the investment income from his 1984 contributions would have to *remain exempt even though the* income from all his contributions from March 1985 to 2030 would be taxed.

The difficulties of disentangling the different contributions would strain even the most computerised actuarial service. So, it is more likely that, if any tax changes are introduced, the phasing-in period will be cut down to, perhaps, 10 years.

How much you gain — or lose — by pouring as much as you can into a pension scheme depends on the details of the tax changes, if any.

If the Chancellor decided not to allow pension contributions to be offset against your tax on earned income, there would be a strong advantage in raising your contributions now. But such a move is generally considered to be the least likely of all the options before the Government.

Most likely is a move to subject to income-tax, at least partially, the lump-sum payments granted on retirement. But whether it is worthwhile to increase your contributions now depends on exactly how the change is introduced.

The Chancellor will not wish to impose the full tax immediately, in view of an undertaking he gave to Parliament in December. Thus, he may decide to exempt part of a lump-sum payment from tax and impose tax on the rest, depending on the proportion of contributions you make before March 19, 1985 — Budget day — and the proportion you make after. In that case, you would do well to boost your contributions now.

But the tax might more simply be phased-in by reference to the age of the taxpayer on Budget day, or by his number of years in employment before and after that day. This was the method followed by the Australian Government last summer. In that case, there would be no advantage in paying more now.

One other possible tax change, which has been touted widely as an attractive political option for the Government, would be to impose a tax on pension funds' investment income — or, to avoid distortions, on their total returns *(including capital gains). The* rate of tax, it is assumed, would probably not be as severe as that on insurance company investments but would be limited to, say, 10 per cent or 15 per cent.

But if such a tax had an immediate effect, you might actually be worse-off by paying extra money into a pension fund now. This is because if you had invested the money directly yourself, perhaps into a unit trust, you would normally be able to avoid any capital gains tax by using up your £5,600 annual exemption.

The adjacent example demonstrates how a reformed tax regime on pensions could work against you. Although your pension contribution is boosted by tax relief at the start, tax is imposed both on the investment returns and on the final pay-out.

Making a payment into a pension fund also suffers from all the usual disadvantages of pension contributions. You cannot withdraw the money until you reach retirement age. You have no control over the investment policy, unless you are in a self-advinistered scheme. And if, after making additional voluntary contributions to a company scheme, your investment does exceptionally well, the Revenue might not allow you to reap the full benefits.

A new tax on pension funds' total returns may well not be as harsh as the 15 per cent rate shown, if it is imposed at all. Also, for higher-rate taxpayers, *the attractions of pension-fund* investment would remain.

On the other hand, there must be a niggling worry that the Chancellor actually could devise something worse if he felt strapped for cash. Just suppose he decided to impose a one-off levy of 2 per cent on all pension fund assets, just as the Government did on bank profits in 1981. In that event, those who had poured-in money just before the Budget really would be worse off.

But if, after weighing up all the risks, you decide you ought to put more money into a pension plan, the Inland Revenue limits are fairly generous. If you are self-employed, or not in a company pension scheme, you can contribute up to 17½ per cent (20 per cent if you were born before 1934) of your relevant earnings each year to a pension plan.

If you wish to exceed this limit, you can also use the carry-back rules. This allows you to use part of your contribution from this year to mop up unused tax relief from previous years. You are allowed to go back over the previous seven tax years in search of unused relief.

If you would like to contribute more, but do not have the cash available, some schemes can arrange for you to borrow money. But with interest rates so high, you could lose out badly if any tax changes cut the investment value of your *contributions.*

If, however, you are about to move house or to carry out improvements on your house, it may be worth borrowing money on a mortgage. Then, you will be entitled to tax relief on the interest.

The grasping hand of the Chancellor? —or the salesman

Example: A basic-rate taxpayer, five years away from retirement, invests £1,000 in a pension scheme and £1,000 in a unit trust. Over the five years both funds achieve an average annual total return of 15 per cent. The unit trust dividend *yield is 4 per cent.*

	Initial contribution	Investment after tax relief	Investment after 5 years growth†	Final pay-out after tax deduction
Pension fund	£1,000	£1,429	£2,603	£1,822*
Unit trust	£1,000	£1,000	£1,909	£1,909

* Assuming the whole payment is subject to tax at 30 per cent.
† Pension fund returns are subject to 15 per cent tax, unit-trust income is subject to basic rate tax.

BES funds hope for a warmer response

George Graham has a tip for those with taxing problems

INVESTORS WHO are worried about the tax bill they will receive for the present fiscal year are turning their attention to the Business Expansion Scheme. Two managers now have launched BES funds to meet their needs.

The Third Alpha Business Expansion Fund, sponsored by stockbrokers Laurence Prust and Co. and the Sixth Northern Venture Capital Syndicate, launched by Hodgson Martin Ventures, both aim to invest before April 5 all the money that they attract. Investors should, therefore, be able to get tax relief for the whole of their investment in the current tax year.

The Second Alpha fund, which was open for subscrip*tions up to the end of June last* year, is not yet fully invested, so there may be some doubt as to whether Third Alpha can place all the £1.5m it aims to raise in just nine weeks.

But the fund's managers—Laurence Prust and the development capital company, Oakland Management Holdings—say they are launching the fund this late in the tax year only because they already have several strong prospective investments lined up.

They even have listed nine investment proposals at which *they are looking, though these* should be taken only as a rough indication of where your money will go.

Don't get carried away by the prospect of owning a share of a company that makes BMX bicycles and is about to launch a brand-new electric cycle. This may be one of the proposals listed, but there is no guarantee that the fund will invest in this or any of the other eight companies mentioned in the prospectus.

The minimum investment in the Third Alpha fund is £2,500, and the offer closes on February 28. The initial management charge is 2½ per cent, and the managers reserve the right to take options on up to 15 per *cent of the equity of the com*panies in which they invest.

Edinburgh-based Hodgson Martin Ventures also is on its second BES fund in the current tax year; and it, too, has a list of investment opportunities lined up already. It does not, however, list them in the prospectus.

Like previous Hodgson Martin funds, the Sixth Northern Venture Capital Syndicate will concentrate on investments in Scotland and the north of England. Earlier syndicates have placed £2.5m in 25 companies, only two of which—according to the company—have ceased trading.

Minimum investment in the fund is £2,000, and the offer closes on February 28 or when £750,000 has been raised. The *front-end fee is 7 per cent,* and Hodgson Martin reserves the right to take options on up to 10 per cent of the shares of the *companies in which the fund* invests.

Hodgson Martin is going to pay the interest it earns on money waiting to be invested to charity—a choice of the British Heart Foundation, Cancer Research, the National Trust for Scotland or Save the Children.

This is because the Bank of England is questioning whether managers taking in money often for BES funds—in practice, this means more than once a year—should not have to qualify as licensed deposit-takers. *Laurence Prust,* as a stockbroker, would not have to qualify.

BES funds so far this year *have had a fairly cool reception* from investors. The Third Lazard Development Capital Fund, which closed earlier this week, was the first to raise the full amount of capital at which it aimed.

But the Alpha and Northern Venture Capital funds are likely to be the last approved BES schemes this tax year. So *they should get a warmer* response.

There also are a number of open-ended BES schemes available to investors (see table). These are not approved by the Department of Trade and Industry and, unlike approved funds, they can continue to take in money after they have already begun to invest. This *means that not all investors* will end up with exactly the same spread of investments.

Subscribers to these schemes hold the shares in which they invest directly rather than through the managers, who act as nominees for the approved funds. To qualify for BES tax relief, they must place at least £500 in each company, as they would if they had invested without going through the scheme managers.

Most of these non-approved schemes make no initial charge to investors, though the newest arrival, Guidehouse, will charge 5 per cent. *Superficially,* this appears a good deal. But, instead, the managers will charge higher placement fees to *the companies* in which they invest. This may deter some attractive companies from using their services to raise capital, or may compel them to demand harsher terms from the investors.

BES NON-APPROVED SCHEMES

Scheme	Min. Invest.
Centreway BES	£3,000
East Mercia Venture Capital	£2,500
Mercia Venture Capital	£2,500
South Western Venture Capital	£2,500
Western Venture Capital	£2,500
Guidehouse Expansion Scheme	£2,500

Source: Guide to BES Funds, £4 from Investment and Tax Planning Services, 7 Regal Lane, London NW1 7TH.

Pension plan without gimmicks

Eric Short reports on a scheme which offers high returns and low charges

IF YOU are self-employed and can make financial decisions without the guidance of an insurance broker, you may well be interested in the new personal pension plan from Framlington, a leading unit trust group.

The plan is for the self-employed and employees in non-*pensionable employment.* It offers prospects of good returns, because of its investment expertise and its low *charging structure.*

Low charges and high returns already characterise Framlington's unit trust operations.

The new plan — the Framlington Personal Pension — is a single premium contract offering investors a choice of nine different UK and overseas equity funds in which their contributions are invested.

Investors have a choice of two plans — 100 per cent invested in units and no guaranteed death cover, or 97 per cent in units and a guaran*teed minimum death cover* depending on age.

Framlington is still only making a ½ per cent fund charge on its units. Most life companies now charge 1 per cent.

Salesmen will receive only the usual unit trust marketing allowance from Framlington — 1¼ per cent, compared with 3½ per cent commission normally paid by life companies for single premium pension policies.

Framlington's approach, based on keeping everything simple, has been translated into this product. There are no gimmicks, not even any illustrations of the cash sums likely to be available at retirement.

The life assurance industry is currently engaged in a controversy *over illustrating* the benefits on pension contracts due many years hence. These often have misled investors by promising astronomical sums at retirement on assumed rates of investment return, without any attempt to adjust for inflation.

Investors will not get such misleading projections from Framlington, which believes in marketing on its performance record.

Not that Framlington will be bothered much by the normal practices of salesmen. It is only paying its normal unit trust marketing allowance—1¼ per cent, compared with 3½ per cent paid by life companies on single premium pension contracts.

There are two drawbacks to this scheme. The first is that investors have to make their own calculations on the maximum they can invest to get full tax relief, and how much is needed for a reasonable pension. Framlington advises investors *as to the minimum contribution* they should be making based on age.

Second, investors can only *switch* between funds at a high cost — effectively a 3 per cent switching charge.

Interest grows as banks battle

BANK INTEREST rates on deposit accounts have varied from modest to derisory. But as they move on to level terms with *the building societies,* through the introduction of composite rate tax, they are having to fight back in order to keep a *hold on savers' money.*

The weapon they are using is one of the oldest in their armoury—the cheque book.

Midland has been one of the most enthusiastic of the clearing banks with its High-Interest Cheque Account. Barclays offers the Prime Account, while Lloyds is to introduce a high-interest cheque account next month.

NatWest, by contrast, has opted for an account without a cheque book, the new Special Reserve Account. Transfers have to be made through an ordinary bank account.

The Midland high-interest account has a minimum balance of £2,500, and immediate withdrawals can be made without loss of interest. Cheques, however, must be for a minimum of £200.

The *interest* rate has been raised from 10.3 per cent to 12.6 per cent; and with interest credited quarterly, this is equivalent to 13.2 per cent a year.

Barclays pays slightly less on its Prime Account: 12.5 per cent basic, credited quarterly to give an effective annual rate of 13.1 per cent.

But deposits and withdrawals must be for a minimum of £250, and only six cheques a quarter are allowed free of charge. After that, they cost 50p each. Midland's cheques are free as long as the balance is above the minimum £2,500.

Barclays certainly does not appear to be at all keen to promote the account. A number of branches we tried do not display brochures about the Prime Account and had no in*formation to give about it.*

Of course, the clearing banks are in general not overjoyed at the prospect of paying interest on deposits they have often enjoyed free in current accounts.

If you plan to make a lot of use of the cheque book, but still want to receive interest on your balance, it might be worth waiting to see what Lloyds offers with its promised account.

The bank is emphasising that there is no limit to the number or size of cheques that can be written, so long as a minimum balance of £2,500 is maintained.

But it is not yet clear how attractive the interest rate will be. Lloyds is not going to commit itself to a rate ahead of the launch date at a time when the overall level of in*terest rates still appears highly* volatile.

But it is a fair guess that the rate will be noticeably below tha ton Lloyds' Extra-Interest Account—now 13.25 per cent—which requires the same minimum balance but also needs a month's notice for withdrawals.

George Graham

Standard Life heads performance league

Eric Short looks at the leading life insurers

NORWICH UNION'S reign at the top of the with-profit performance tables was toppled yesterday by Scotland's leading life company, Standard Life Assurance.

Its new terminal bonus rates, applicable to death or maturity claims as from February 1 and announced at the beginning of the week, resulted in maturities this month on Standard Life with-profit contracts being higher than the corresponding payouts from Norwich Union.

Hugh Scurfield, NU's general manager and actuary in charge of life operations, announced his company's new bonus rates in the middle of December—two weeks [illegible] of normal. They [illegible] he top of the perf[illegible] and Scurfield challenged any life company to do better.

No other company during this bonus declaration season was able to do so until Standard Life came along this week with its bonus announcement that put it back on top—a position it occupied during 1984.

There is, however, likely to be some unease over the method used by Standard Life to distribute the profits earned in 1984—profits that were boosted by buoyant equity markets worldwide.

Standard Life kept its annual reversionary bonus rates — the more stable element in with-profit returns — unchanged at 1983 levels. The profit boost came from the more volatile terminal bonus — the bonus paid when a policy matures.

This has become the most important part of Standard Life's method of crediting policyholders with life profits. In the 25-year return shown in the table, terminal bonus accounts for 51.2 per cent of the maturity value.

The complexities of with-profit bonus distributions often is used to disguise investment performance. Over the next few weeks, this column will explain in detail how the with-profits bonus system works, and what it means for investment returns.

Meanwhile, the next life office to watch out for is Scottish Amicable, the Glasgow-based rival of Edinburgh's Standard Life.

Man aged 29 at outset, paying £10 a month gross—maturity value on a with-profit life policy maturing in February 1985 compared with a similar contract maturing in December 1984

Company	10 years Feb'85 £	10 years Dec'84 £	10 years Rise %	15 years Feb'85 £	15 years Dec'84 £	15 years Rise %	25 years Feb'85 £	25 years Dec'84 £	25 years Rise %
Standard Life	2,589	(2,329)	11.2	5,198	(4,556)	14.1	14,118	(12,686)	11.3
Norwich Union	2,563	(2,347)	9.2	5,138	(4,706)	9.2	13,606	(12,243)	11.1
Equitable Life	2,390	(2,258)	5.8	4,651	(4,391)	6.1	11,619	(10,922)	6.4
Eagle Star	2,127	(2,028)	5.8	4,162	(3,924)	6.1	10,226	(9,523)	7.4
Scottish Provident	2,097	(1,994)	5.2	41.74	(3.879)	7.6	12,016	(10,749)	11.8

PROPERTY

For those who don't fancy a Spanish farm . . . a new ranch-style home designed by British architect Roger Dyer, of Cheltenham, for golf champion Tony Jacklin on a hillside among the cork trees of Sotogrande overlooking the Straits of Gibraltar. (Photograph Trevor Kenyon)

Driving a bargain in Spain

BY JUNE FIELD

ON A narrow, muddy track fit only for goats or tanks, where heady-scented wild narcisi and *tagarnina (edible thistle)* mingle with scrub, the car only just kept going.

The only sign of life on the steep hillside above the fertile valleys of southern Spain was a farmer primitively ploughing with two teams of elderly oxen preparing to sow barley.

We had driven up to get a clear view of some farms that are for sale in a valley below Gaucin in the Sierra Ronda.

With Spain ready to join the EEC and Gibraltar ready to open, it could be a good time to invest in Andalucian farms and forests.

Since I last wrote about this area in 1982, there has been a new development in irrigation techniques. It is no longer necessary to use only flood-irrigation on land in the valleys, where frost can be a hazard, but it is possible to plant on the hillsides and drip-feed with individual micro-sprinklers fed by means of a pipe.

Although there are seldom more than a half-a-dozen days of frost in the winter here, I could see that the recent weeks' cold weather had severely affected some of the avocadoes and *chirimoya* (custard apple) which had been planted on the valley floor.

My guide was Quentin Agenw, ex-lieutenant colonel in the Royal Fusiliers, who acts as farm consultant to Fincasol, 4 Bridge Street, Salisbury, agents and developers, also based in Spain.

He lives in one of the original Larios homes in the hills, the English-style Monte de la Torre, Los Barrios, and has a fruit farm and 320 head of cattle.

To buy a farm, you must know the sort of place you want, and whta you can spend in both money and time running it. Then Fincasol will find out what farms are likely to be available, value according to location and probable productivity, and as Quentin Agnew admits—after that it is a long drawn-out process hammering out a price acceptable to both sides.

"The asking price is invariably far too high, and it may be that the seller does not really want to sell, and is just getting an assurance of the farm's value. But mostly it is the Mediterranean habit of bargaining."

The sale price of a property is not only determined by its intrinsic value, but by the amount of *plus valia*, tax on the increased value of the land. With properties in Spain for years traditionally under-declared on the *escritura*, deed of conveyance, the 30 per cent tax payable on the profit made between the original stated price, and what is noy a true value, will have to be reflected in the price.

I took a look at Los Olivos, a 240-hectare farm with citrus and arable land. There are three farmhouses, all in need of extensive repaid (one an old inn on the one-time smuggler's route between Spain and Gibraltar). There is an abundant water supply from a stream, plus a well with a flow of 10 to 12 litres a second in the flat pastures by the River Genal.

Asking price for the freehold is about £220,000, and for this sort of place you would need extra funds to get it going, and some professional help.

A much smaller property, where the *finca* (farmhouse) has been done up, and cultivation is more manageable, is the 15-acre La Perle; planted mainly with fig and olive, it is near to the picturesque white village of Gaucin to which there is good access because of the new road. (An ancient Roman roadway also passes through the land, on which I watched mules carrying produce from neighbouring farms.) The price is £67,500.

Who buys? Someone who used to have family farms in Scotland bought a 400-hectare cork estate with 30,000 or so trees, which does not need intensive management. As cork trees are self-generating, cut every nine years, and live for about 120 to 150 years, the buyer thinks of the farm as a long-term, investment

Cash flow comes from letting off some of the cleared undergrowth around the trees for grazing for goats and hte dark brown mountain pigs from whom the Spanish get their Serrano ham.

Small farms can be run on the local system of share-cropping, where an owner allows someone to pick and sell his crop, and recovers half or a third of the proceeds back.

Small plots of land for "hobby farming" vary from £10,000 to £60,000, depending on whether there is a building available. Village houses, very basically restored, with no heating, but sanitation, can still be bought for between £10,000 and £20,000 through Andalucia Properties, represented in England by Euro Property Advisers (0722 330847).

GARDENING

After the chill, the reckoning

BY ARTHUR HELLYER

IT IS gradually becoming possible to assess the damage done to plants by the severe winter and in my own garden, in a particularly cold part of Sussex, I am glad to report that it appears to be less than I had expected. But not many miles away in Kent, the weather was much harsher; and reports from Devon and Cornwall suggest that conditions there were, at times, even worse.

In the Channel Islands a low of −9 deg C, or 16 degrees of frost on the Fahrenheit scale, was recorded, but there also were heavy falls of snow which probably reduced damage to roots and bulbs though it caused damage of its own to trees and shrubs. While we were freezing, Scotland was enjoying milder weather; but when the thaw came in the south the blizzards moved north, and conditions were appalling in some places.

So what gardeners will discover as their plants come out of freeze is likely to differ greatly from place to place. With me, sensitive plants such as Itea ilicifolia, Grevillea rosmarinifolia, Ozothamnus rosmarinifolius and the yellow Banksia rose appear to be undamaged. The leaves of Ceanothus impressus look rather dark and I expect that some will fall off later on, but even the youngest stems are still gree nand I think the bush will survive.

Campsis radicans, the orange-flowered trumpet vine growing against a south-facing wall, is very little damaged and Nandina domestica, in the shelter of a large birch tree, also looks all right though the leaves are a bit duskier than usual.

Undoubted casualties are veltheimias and lachenalias growing in an unheated greenhouse, but I knew I was taking a risk with these and was testing the mt osee how much cold they would stand—rather like leaning out of a window to see how far one can go without falling out. The temperature dropped to −6.5 deg C (20 deg F) in this house. Bedding geraniums survived but they had the additional protection of a quilted polythene sheet. Various osteospermums, verbenas and Convolvulus mauritanicus were not much damaged.

In another greenhouse, warmed by an electric fan heater with thermostat set at a very frugal 5.5 degrees C (42 degrees F), a wire in the socket fused twice for no obvious reason. This failure meant that on two occasions the temperature fell to −1 degrees C (30 degrees F) before the trouble was noted and rectified. Nothing seems to have been killed, not even seedling veltheimias; but the leaves of Kalanchoe blossfeldiana are severely damaged.

Variegated aspidestra is completely unmarked but I have long known that it is a much hardier plant that is generally recognised. Geraniums here have some scorched leave, but many more remain green and I expect the plants to recover quickly when conditions improve.

What I am sure most people will be asking is: What to lo about the damaged pjlants. Out of doors, I would do little at the moment except to remove branches that have been broken by the weight of snow. There may be more cold weather to come; and it is the late frosts that usually do most damage because the sap is rising and the stems and leaves are more tender. That is why cold does more damage in normally mild places such as the south-west, the Isles of cilly and the Channel Islands that it does in normally-cold places such as the south-east, east and north.

But even if there is no return of harsh weather, it is still too soon to be certain just how much damage has been done. It is far better to wait until new growth appears and then to cut back to this than to rush in too hastily with pruning saw and secateurs to remove growth that may eventually prove to be alive.

No benefit will accrue from immediate pruning; and even if the stems do have to be removed eventually they may, in the meantime, be giving a measure of protection to growth lower down the plant.

I think that some of my herbaceous plants and bulbs may have been saved by a heavy mulch of rotted leaves and grass clippings that I spread aronud them in early December. Since then I have added more, and this seems to me to be a very good thing to do. If no compost or leaf mould is available peat or pulverised bark could be used; but bark can depress temporarily available in the soil, so it needs to be followed by a scattering of a high-nitrogne fertiliser in April.

I would not apply fertiliser earlier than this, partly because much of it may be uselessly washed away and partly because it could stimulate soft growth before the danger of sharp frost is over.

Under glass, I would advise getting rid of obviously dead plants immediately and also removing dead or dying leaves or stems which may otherwise become breeding places for such fungi as grey mould, always a troublesome disease in cold, damp conditions. A sprinkling of flowers of sulphur may help to keep plants healthy and I would prefer a dry application, such as this, to a spray under present conditions.

By April, it should be possible to identify and remove all dead or seriously-damaged growth. Always cut back to the strongest new shoots that can be seen. Do not worry about bleeding — the oozing of sap that often occurs from pruning wounds in spring — for it causes less damage than is commonly supposed. After a few days, it will usually dry up of its own accord and growth will proceed quite normally.

Once everything is growing again and it is fairly clear that the hard weather is over, I would recommend feeding all round; not excessively, which could do more harm than good, but moderately in spring with a little more to come early in summer. What is moderate? It depends on the strength of the fertiliser used and for Growmore, withits 7:7:7 formula, could be 4oz per square yard in spring and 2oz per square yard in June. For a 20:10:10 formula, the rates could be half that.

Simple ponds that mean life—or death

COUNTRY NOTES

JOHN CHERRINGTON

WHEN FIRST I knew my farm 50 years ago, the sole source of water for a herd of 70 cows was a number of ponds placed so they could gather the run-off from the still-unsealed roads. In the immediate pre-war years the local authority tarred the roads, but it was understood that the material used would not be toxic to stock. Humans had to make do with water collected from the roof in tanks.

The ponds were full of wildlife — moorhens, ducks and various fish, including many goldfish and newts, or "evetts" as they were known locally. I haven't seen an "evett" for many years now but they were a considerable topic of conversation then. It seems that some time before my arrival a young woman had drunk some pond water full of evetts' eggs. She died when they hatched inside her.

I was never able to verify this story, with which mothers used to frighten their children away from the water. But I employed an old carter who told me that, as a young man, he often had drunk pond water, first scooping the spawn off the surface. He had, he told me, lost a son through the ice on one of them. This was more probably the reason for the warnings, for the ponds were steep-sided and dangerous.

All had been man-made or reconditioned after World War One by a local family firm of specialists. The ponds were made deep so that the water would not evaporate, and the sides were lined with chalk covered with wheat straw and then sealed with clay. The last were completed very early in the 1930s and still are holding water quite well today.

Water always has been a problem on these high chalk hills and it is here that the dew ponds originated; there are the remains of them on most of the downland farms.

The construction was much the same as for the roadside ponds but the true dew pond was placed on the highest part of the hill so there could be no question of any run-off from the surrounding surface. There is a good deal of controversy as to ho wmuch they were sustained by the dew and, in my youth, people were questioning if the dew had anything to do with it.

They were certainly filled by the rainfall. They were mostly made 22 yards square, about a tenth of an acre. In the 30-inch rainfall that is general around here, this would mean collecting some 300 tons of water (an inch of rain equals 100 tons an acre). This, if it could be held in the dew pond, would keep a flock of sheep through quite a long dry period.

But the sides were very vulnerable to damage; and those that were still being used were protected from the stock and the water pumped or syphoned out. A friend once took over a farm that had several dew ponds still holding water, and damaged the lot by allowing his cattle to get into them. Even if he had fenced them, I doubt if they would have supplied many cattle. The roadside ponds, though, were quite efficient because they collected water from quite a large area.

I don't know of any genuine dew ponds around here that still hold water, but there is still a parish pond that people living here still could use of there was a prolonged interruption of the piped supply. This was really a natural soak in the clay cap and has always held water. It is in one of my woods, and I have to leave a track to it, but no one has drawn from it since the drought in 1921.

There were dug wells on most of the farms, but they held little and relied on buckets and windlasses to get the water. There is one under my kitchen floor. When I took this farm in 1944 there was no piped water or flush toilets for the village, except around the big house. Now, every one is on main water pumped up from the sub-soil.

There is, of course, a price to be paid for this. The winterbournes, which spring from the chalk downs, rise later and run for shorter periods than they did. Some wells have had to be deepened in recent years or they go dry in summer. Now, we have the threat of oil drilling in the immediate neighbourhood, and pessimists fear this might perforate the water table and let the underground reservoir empty in time.

Why worry, though? We knew how to survive without piped water before.

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Motor Cars

TRAVEL

Coping with those carnival capers . . .

BY ARTHUR SANDLES

IT WAS a nasty shock and it happened twice last year. Half a dozen colourful but sinister figures tumbled out of a doorway and surrounded me, chanting as if in a scene from some Grimm-like nightmare.

The first time was almost exactly a year ago in the Austrian Tyrol, the second was late last autumn and the Setting was Yonge Street, Toronto. Fasching and Haloween—two occasions when the lone stranger wanders the streets at his own risk.

In many parts of the world we are coming up to door-locking time again. Fasching is in its final stages, building up to the great climax before Lent. As in Southern Germany and Austria the drink flows more freely and the make-up becomes more exotic, so the final touches are being put to floats in Trinidad, to procession costumes in Cologne, and winking lights in Rio. It is carnival time.

The most likely theory for the origins of the word "carnival" is that it is derived from the Latin, Carne Vale, saying farewell to meat for the Lenten fast. Its origins considerably predate any Christian involvement. It comes towards the end of winter, when foodstocks are at their lowest and the arrival of new crops still far in the future. A time indeed for fasting, whether out of caution or necessity, and for a final blow out before the real business of conserving resources begins.

Probably the most famous present day manifestation of this remarkable phenomenum is in Rio. There preparations go on for the whole year and on the Friday before Shrove Tuesday they explode into reality.

The celebrations here, as elsewhere, originate from Europe. The pre-Lenten processions and parties of the imperial powers spread to their colonies. In Rio things were fairly haphazard as the Portuguese settlers continued their former antics, albeit in a somewhat juvenile way, until the mid-1850, when the first organised team of marchers made its appearance.

It could be argued that the Trinidad carnival has a much older tradition. Here the events dates back to the French influence in the southern Caribbean. Although Carnival was, and is, celebrated in many of the West Indian islands, in Trinidad it took on a new dimension when it became linked with the emancipation of the slaves.

It was also tied up with the cane stubble-burning season. The calypso, the origins of which word lead to endless argument, is a crucial part of the carnival and grew from it.

It is worth remembering that in areas famous for carnival the event takes over the whole area. It is not a matter of taking your seats for the parade and then slipping back into touristic oblivion.

For days every hotel, restaurant and sometimes, it seems every private house is taken over by some terrible fever that insists that you have fun.

Although at this late stage the only way of seeing the big carnivals is to leap in at the deep end, there are less testing excursions either by going to less famous settings or, next year, by planning a visit slightly before the big days.

In Bavaria and much of Austria you will find not only parades but partying. The fun really starts in late January but builds up to the peak at the weekend before Shrove Tuesday.

In the small towns and villages you can either enjoy or escape the celebrations as the mood takes you. In France, Italy and Spain carnival tends to have retained more of its religious aspect. In Britain's own charming if pathetic little rump of a celebration we first send Valentine cards and then toss pancakes—but then it would take a brave soul to venture into the night streets of London in late February wearing at little as some of the ladies of Rio.

In Rio and Trinidad it is possible at most times of the year to see preparations for the main carnival. Samba displays are a regular feature of life for the visitor to Rio.

Unless you have local friends or are totally dedicated to independence I would recommend taking a package tour to any of the major carnival celebrations. The tour operator then faces all the problems of getting seat tickets and hotel rooms. There is still time.

DER Travel Service tells me, that it still has some space on its escorted carnival departure from Heathrow on Saturday February 16 (three nights with prices between £159 and £209 depending on the hotel).

Carnival time in Rio when it's fun all the way (photograph: Daniel Topolski)

I am not as frequent a visitor to Latin America and the southern Caribbean as I would like to be, so do not have an exhaustive experience of the airlines, operators and hotels involved. My last visit to Rio was made through Wings holidays and I flew British Caledonian and everything went smoothly and efficiently. BWIA provides an excellent service to the southern Caribbean.

For sheer holidaymaking, by the way, this is not the best time of the year to visit Rio. It can be extremely hot and wet and the standards of service tend to crack under the strain. It is much pleasanter in June, July and August.

In mountain Europe, where fasching is in full flood, this is the ski season. If you don't like snow and people wearing funny costumes, stay at home. Meanwhile, while others are sewing on their sequins I shall spend my time composing a suitable reply to the reader who suggested I give up cliches for Lent.

Kuoni Travel (0306-885 954) do an eight-night package to the Trinidad carnival, staying at the Trinidad Hilton, for £774, or eight nights to Tobago (Turtle Beach) for £951. Both leave on Feb 14 as do eight-night packages from Caribtours (01-581 3517) staying at the Holiday Inn (£786) or the Claconia Inn (£789).

For those eyeing the Rio carnival, South American Travel (01-833 2641) has a departure on Feb 13, returning on March 1, at a cost of £915 for one person in twin accommodation. Kuoni offers tours frm Feb 9/25 or Feb 14/23; the cost is £624 for one week (bed and breakfast) plus £91 for the second week. Because of the carnival, there also is a supplement of £34 per person per night in twin accommodation for a minimum of five nights.

On the slopes, insurance is a must

SKIING

ARTHUR SANDLES

SO FAR it has been a record breaking year on the ski slopes—that's if you're the type that keeps a record of breakages. The appalling weather of the first half of January seems to have sent skiers tumbling all over the place and insurance companies are reporting a heavier than usual rush of claims.

The fact remains, however, that you are highly unlikely to return from the slopes in plaster. Today's ski squipment has made the sport imeasurably safer.

Oddly enough your most likely injury is in the least obvious spot—your thumb. Thumb sprains are by far the most common hurt on the slopes, and the one that gets you the least sympathy. Break a leg and everyone oohs and ahhs. Sprain or even break (as I did a couple of seasons ago) a thumb and you become an object of hilarity.

Now that the ski weather has settled down a little, so one hopes, will the level of claims, and in the past few years, according to major UK ski insurers Douglas Cox Tyrie, that has been in gradual decline for a while.

The severity of injuries, when they do happen, is however increasing. New boot and binding design has pushed injuries up the leg, and encouraged more security and thus higher speeds on the slopes. The result is that leg breaks and more frequently multiple than simple—producing the need for hospitalisation rather than a quick plaster and a limp home. Torn ligaments are also on the increase.

The message of this is not to risk skiing while uninsured.

PS—Insurance companies are investigating a travel agency/tour operator fraud. Some people are taking holidaymakers' cash but not forwarding it to the insurers. They 'phone you once you are home, ask if you had a good trip, if the reply is yest they pocket the money. If no, you had a medical problem, they rapidly send off the back-dated paperwork. Make sure you get a proper printed form, not a photocopy, before you go.

MOTORING

When it's getting physical

BY STUART MARSHALL

DRIVING POSITIONS have improved enormously over the years. One doesn't often find the steering wheel rim that rubs the thighs of anyone over six feet, the ignition/steering lock in a potentially knee-breaking position or the seat cushion with so hard a leading edge that it cuts off circulation to the legs after an hour or two at the wheel.

The old device of restricting rearward movement of the front seats to exaggerate the amount of kneeroom for rear seat passenger seems to have died the death, too. Even cheap cars have reclining backrests to front seats and lack of lumbar support provokes fewer aches and pains than it used to.

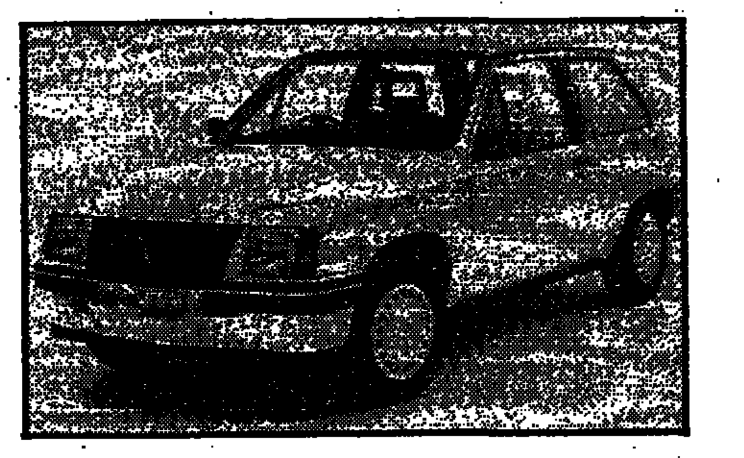
So, if normally healthy and mobile drivers have less to complain about, does this also apply to the physically handicapped? I don't mean drivers who are severely disabled by the loss of one or more limbs but those of mature years whose bodies are merely showing inevitable signs of wear and tear.

Like Mr R. J. Edmonson, who wrote to me from Llanfairfechan asking if I could advise him on his next car. His Volvo 164, now 14 years old, has served him nobly since new but he doubts that it will pass on its next MoT because of rust and he really wants a smmaller car anyway.

He is having difficulty in deciding upon a replacement. An old injury has left him with a stiff right hip which means a car must fulfill two specific requirements. He must have a seating position allowing him to drive with right leg extended on to the accelerator without bending the hip, though his knee works normally. And automatic transmission is essential. He doesn't say so, but I suspect power assisted steering would also be welcome.

"I have in mind a figure of between £5,000 and £7,500 for a reliable car from a manufacturer whose designers have taken some of these requirements into account," he said.

I found myself in some difficutly in offering advice. Car makers design their products for fit people, who account for the vast majority of buyers, but some must clearly be more suitable for people like Mr Edmondson than others. I suggested a used Volvo 240 automatic as one possibility; or a mid-sized Japanese automatic like a Toyota Corolla or Nissan Stanza, both of which have a high reputation for reliability.



The flow of hot hatchbacks is never-ending. Latest to arrive in the showrooms is Vauxhall's Nova "Sport" (pictured) with a 1.3-litre engine fitted with two twin-choke carburetters and a free-flow exhaust system. Output is 87 horsepower (17 bhp more than normal) at 6,000 rpm for a claimed top speed of 111 mph. At £5,780, the Nova "Sport" has the edge on Ford's XR2 for performance and price. More hot hatchbacks are in the pipeline. One, from a Japanese manufacturer, impressed me as a VW Golf GTi alternative when I drove it two weeks ago—and it will be around £1,000 cheaper when it arrives at the end of the month.

Japanese cars nowadays have the most generous fore-and-aft adjustment of driving seats, the makers having taken the hint that Europeans were longer in the leg than domestic market buyers.

Are any readers of this column handicapped in a similar way to Mr Edmondson—and, if so, how have they solved their motoring problem? I hope to return to the subject later.

Fuelling some of the people?

PETROL PRICES have not risen since September though the oil companies never tire of telling us how they are losing money on every gallon they sell. Texaco is urging an increase of at least 5p as soon as possible. "If we are to earn . . . a realistic return on our investment, we need to see the four-star price in the mid-190 pence area," said its general manager, marketing sales, last week.

I'm sure he—and the other oil company managers who say the same thing—are right. What I can't understand is that while they are so reluctant to charge an economic price for petrol, they have no inhibitions over increasing the price of diesel fuel. The way this has gone up in recent weeks is nothing short of scandalous.

In round figures, diesel dcarrie 12p a gallon less Excise duty than petrol. It is actually a cheaper product to manufacture than petrol and one might reasonably expect it to sell at around 12p per gallon less. That was the case until September. But now diesel is actually dearer than four-star at many filling stations, having gone up 10 per cent since September, during which time petrol prices have not changed at all.

I have had letters of protest from readers owning diesel cars. "We pay more for our cars in the first place, knowing that manufacturing costs are higher—but why should we be ripped off by oil companies who haven't got the guts to ask a realistic price for petrol in case they lose market share to a competitor?" That was how an angry Mr A. Powell, of Beckenham, put it.

Diesel car owners are only small sufferers by comparison with road hauliers, who have literally saved the steel industry from collapse during the miners strike and have helped to keep the coal flowing to power stations. But diesel motorists feel as unjustly treated as the hauliers, for whom fuel accounts for one quarter of their operating costs.

It's all very different in France. Last week, super grade petrol was about £2.35 per gallon, diesel £1.85. Can 21 miles of sea turn the economics of motor fuel distribution upside down? The least the oil companies owe diesel fuel users is an explanation.

BOOKS

In search of Thomas More

BY PETER QUENNELL

Thomas More: A Biography by Richard Marius. Dent, £16.95. 562 pages

Just outside Chelsea Old Church sits a huge bronze statue of Sir Thomas More, his hands folded and his expression solemnly benevolent; while around the stone pedestal only three plain but impressive words, SCHOLAR, STATESMAN, SAINT, proclaim his virtues to the passer-by. Not long ago, however, some wandering imbecile, armed with a spray-gun tried his hardest to disfigure it; and the stains are still here. No doubt his attack was merely gratuitous; but I wondered at the time if he might perhaps have been the kind of Protestant fanatic who, now and then, bursts into the daily news. The Church, of course, was a place where More regularly worshipped; and in the immediate neighbourhood, on the site of modern Beaufort Street, rose his splendid *country-house*.

More had always had a sense of style, as Holbein the Younger's sketch of his assembled family shows. The background is a richly furnished room, which contains an elegant sideboard bearing decorative pieces of plate, a canopied doorway and, attached to the wall above the company's heads, a musical instrument and an elaborate new-fangled clock. The great man's domestic life was notably harmonious. More and his venerable father alone are seated on a bench or settle, while their six female attendants, among them Dame Alice, his sharp-tongued second wife, accompanied by his pet monkey, either stand around *him*, or sit upon the floor. About the whole gathering there is an air of sober contentment and civilised quietude that reflects the pleasantest features of the master's personality.

For some of its occasional inhabitants, nevertheless, the *house*, when *More* was *Lord* Chancellor, would have had another look. It was also sometimes a gaol. As Henry VIII's minister, he pursued and fiercely persecuted heretics, Protestant reformers, recusant priests and sellers of forbidden books; and at his own residence he often had them imprisoned, until he himself had questioned them and their guilt had been established. Then, with the Chancellor's full approval, they were *carted away to be ceremoniously* burned.

The brilliant film, *A Man For All Seasons*, of Robert Bolt's play, which emphasises More's personal saintliness and appears to suggest that he might have played an enlightened part in the 20th century world, presents an obviously misleading picture. He was a characteristic product of a very different social age. Though his faith was strong and sincere, it did not preclude — indeed, it frequently *sanctioned* — the most revolting types of cruelty.

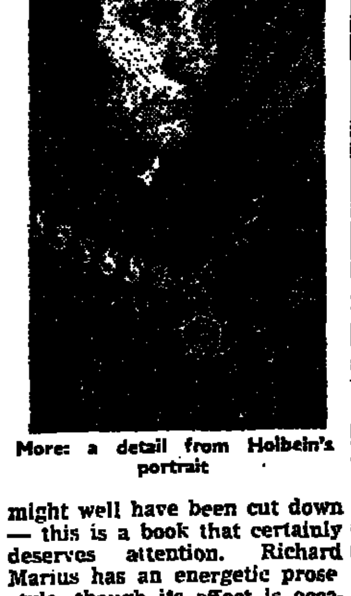
To make his character yet more difficult to grasp, he had once, in his greatest work, *Utopia*, which he published, with the encouragement of his good friend Erasmus, towards the end of 1516, adopted an exactly opposite position. The laws of his imaginary commonwealth may, here and there, seem stern and harsh — he envisaged an early Communist state; but its ruler, we are told, detested violence, and allowed the happy Utopians entire religious freedom:

"He made a decree that it *should be lawful for every* man to favour and follow what religion he would, and that he might do the best he could to bring others to his opinion, so that he did it peacably, gently, quietly, and soberly . . . . This law did King Eutopus make not only *for the maintenance of peace*, which he saw through continual contention and mental hatred utterly extinguished; but also because he thought this decree should make for the furtherance of *religion*."

Such were the views of Thomas More, the distinguished literary Humanist. But by 1529 he was busily hunting down religious rebels at home, and even extending his investigations to the conduct of English *businessmen abroad* — for example, merchants established at Antwerp, who were suspected of sympathising with Martin Luther.

In this voluminous new biography, Richard Marius, "for *many years teacher of* Reformation history" and now head of Harvard's "Expository Writing Program," has had a somewhat awkward task. On the one hand, he regards his subject as "a complex, haunted, and not altogether admirable man"; on the other, he applauds More's resolute faith and his unshaken confidence in the destiny of the Catholic Church—a confidence, he writes, that, at every period, implies the belief that "history does mean *something despite* its apparent chaos," and that, viewed by a true Catholic, all things move in "an unseen harmony with the grand design of God."

Although the contrasted aspects of More's character have evidently proved hard to reconcile, Richard Marius has produced an interesting portrait. The devout believer was an adroit careerist and an experienced politician, yet a far less *unattractive figure than his* fellow careerists, Cardinal Wolsey or the odious Thomas Cromwell, for whom political power was always a predominant passion. More understood the value of human happiness, and was surrounded by a cheerful household. He loved his friends, particularly Erasmus, and brought up a bevy of devoted offspring; and, at the end, once the problem of the King's divorce and the question of Papal supremacy separated him for ever from the monarch he had served, he displayed extraordinary courage. When the books that had *comforted him in his cell were* removed, *he* drew the curtains of his window, merely remarking that "Now that the goods *and the implements are taken* away, *the shop must be closed*."



More: a detail from Holbein's portrait

Notwithstanding its formidable length — some passages might well have been cut down — this is a book that certainly deserves attention. Richard Marius has an energetic prose style, though its effect is occasionally spoiled, at least from an English reader's point of view, by popular solecisms and transatlantic phrases. Thus a versifying sea-captain, we learn, "suffered from a bad ease of Virgil"; Anne Boleyn had "a slim white body;" More may have been "miffed" by the publication of Erasmus' *Praise of Folly*, and "feels obligated" to revive a controversial issue; while elsewhere Erasmus "gurgles" with delight. But *these are minor defects, which* we should no doubt overlook. As a whole, the portrait is sensibly and clearly drawn and makes a genuine addition to our knowledge of a strange man and the tempestuous age in which he lived.

Schmidt's role

BY PETER JAY

Helmut Schmidt: Helmsman of Germany by Jonathan Carr. Weidenfeld & Nicolson, £12.95. 208 pages

Any book which states on its first page that "Just the other side (of the West German-East German border) lies the town *of Potsdam where Roosevelt*, Churchill and Stalin held their summit conference after the German capitulation in 1945" invites the suspicion that all which follows may be equally unreliable. Roosevelt died in April. Germany surrendered in May; and Truman Attlee (taking over from Churchill during the conference) and Stalin met in Potsdam in the late summer. It was at Yalta that the "Big Three" met.

In the case of Jonathan Carr's admiring biography of Helmut Schmidt the suspicion is, alas, justified. Since the myth of Schmidt's statesmanship has itself powerfully and unnecessarily damaged "west-west" relations, as well as contributing importantly to the fact that *President Reagan* has since 1981 had the opportunity to reverse almost all the western policies —*détente, arms control*, west-south co-operation, global economic recovery, etc.—in which Schmidt himself (to say nothing of his hero, Kissinger) professed to believe, it is worth exploding this myth.

In this we get no help from Mr Carr, who—nicely though he writes—has clearly swallowed it. The truth is that Schmidt, through *personal prejudice* (as in his attitude to Jimmy Carter), intellectual laziness (as in his 1977 Alastair Buchan Lecture) and consistent indiscretion (as in his persistent slandering of Jimmy Carter to every itinerant Senator, general and journalist from the United *States whom he met*), bears heavy personal responsibility for the non-ratification of SALT-2, for the neutron bomb fiasco, for the whole "theatre nuclear forces" mess and for the discrediting of Carter and the election of Reagan.

Mr Carr says, "Then came Carter and things got a lot worse. Bonn blamed the President's advisers, the so-called 'Georgia Mafia,' most of whom had no foreign *affairs experience. The policy* influence of East Coast Americans with close knowledge of European problems declined, that of the 'new boys' from the South increased."

Utter rubbish! Apart from Carter himself no Georgian in*fluenced foreign policy* much. The East Coast pedigree of Vance, Brzezinski and most of the others was as good as that of Acheson, Dulles, Bundy, Rostow and Kissinger (Rusk *was* a Georgian!)

Then says Mr Carr, "They (Schmidt's SPD people) were *thoroughly alarmed when* Carter said the U.S. was going to produce the (neutron) weapon." He never said anything of the kind. To my certain personal knowledge he sent discreet top level "White House-to-Chancery" messages to Schmidt at frequent intervals during the six months before he announced he was *not* going to produce and deploy the weapon. These sought Schmidt's opinion, advice and, if deployment were *favoured*, support for the production and deployment of a weapon which could only in practice be used in Europe.

Equally regularly Schmidt replied that he had no opinion, that it was entirely an American decision and that he did not wish to be embarrassed by being consulted even privately. So much, incidentally, for all the then—and still—fashionable *European angst about not being* treated as an equal partner by the Americans in the alliance!

When Carter finally — and *wisely—decided* on military and arms-control grounds against the neutron bomb, Schmidt did not lose an hour in telling ("*off the record*" *as usual*) every American he could find that he was shocked by the decision, that he had been double-crossed and that Carter was weak. The only basis for all this was Schmidt's by now obsessive personal dislike of Carter — apparently for no more legitimate reason than that Carter had, after a free election, replaced his friends Ford and Kissinger and spoke with a Georgian accent.

But far-and-away the worst crime was the Alastair Buchan Lecture, from the malign effects of which *the western alliance* is still suffering. This was when Schmidt launched upon the world—seemingly on the basis of notes hurriedly cobbled together on the plane to England without benefit of his normal professional advisers—the notion of "Euro-strategic imbalance", in other words the Rusians SS-20 missiles, which could hit western Europe, but not the U.S.

He seemed completely to overlook the fact that all Russian inter-continental ballistic missiles (ICBMs) had always been able to hit western Europe (and many were targeted on it) and that any *alliance counter-weapons of* similar range to the SS-20s would create a different and possibly more destabilising asymmetry, namely that Nato's theatre nuclear forces (Cruise and Pershings) would directly threaten Russia, whereas Russia's TNFs (the SS-20s) did not directly threaten the United States. The basic source of these alternative "imbalances" was and is, of course, simply that the Atlantic ocean happens *to be where it* is and not where the iron curtain is. But that was hardly a new security threat suddenly discovered by Schmidt in 1977!

His thought—insofar as there was one—was that western Europe had no comparable counter-missile and might there*fore be blackmailed by the* Russians. But was this supposed to mean that the governments of western Europe needed their own comparable arsenal or that Nato needed a comparable arsenal based in Europe?

If he meant the first—perhaps on the grounds as he recklessly and groundlessly *hinted, that* the Americans could not be relied upon—then it made no sense for Schmidt to go on to insist that the remedy was for the Americans to deploy, operate and control (and, of course, pay for) American weapons in western Europe. And, if what he was really after, as he also mischievously implied at times, was a better American hostage in western Europe to trigger the White *House* to *retaliate against* a Russian attack, it is hard to see how an experienced politician like Schmidt can possibly have thought that missile bases would be a better hostage than the existing 300,000 American *troops on the ground*, all of whose parents, wives and friends have votes back home. If he meant the second, then, as Carter pointed out to him, there was no *imbalance*, since Nato as a whole had more than adequate nuclear weapons to deter the Russians from any rational nuclear attack.

Schmidt: mischievous policies

Moreover, by insisting that counter-weapons (albeit American) must be stationed in Germany (whether as deterrents or *as hostages) and that, if they* were stationed in Germany, they must also be stationed elsewhere in Europe (Britain being not allowed to count, once Schmidt discovered that nuclear-armed F-111s had been stationed in Britain for years), Schmidt succeeded in making what he had declared was a vital security requirement for western Europe depend upon the weakest possible political base, namely the durability over the *whole 15-year life of* the weapons of the political will of the precarious governments of small countries like Belgium, Holland and Italy. But for these *foolish conditions the weapons* —if indeed they were needed —could have been sea-launched rather than ground-launched and therefore given to the Royal Navy based in British ports, the militarily better option. This would also probably have avoided 90 per cent of all the *political travail with* peace movements in Europe that has so embarrassed the alliance.

The hopeless intellectual confusion about the meaning of "Euro-strategic imbalance" combined with Schmidt's endless insiduous campaign against *Jimmy Carter's strength* and reliability created a situation in which Carter was forced to offer to deploy TNFs in Europe, however weak the military argument. Yet the moment the Americans responded with this solution to the problem which Schmidt had largely invented, Schmidt proceeded, as Mr Carr rather reluctantly brings out, to make every kind of difficulty about the deployment, implying that this was a clumsy Ameri*can plan threatening detente* and that it should in effect be shelved pending arms talks with the Russians.

It was, all in all, an ineffable performance by Schmidt, petty in its motives, frivolous in its conception, *irresponsible* in its presentation and dangerous in its consequences. Mr Carr does not see this. But then Mr Carr's appreciation of Jimmy Carter's role at this time is about as adequate as his appreciation of *Harry Truman's role at* Potsdam.

Taking sides over Scargill

BY JOHN LLOYD

Scargill and the Miners by Michael Crick. Penguin, £2.50. 160 pages

Scargill the Stalinist by Nicholas Hagger. Oak Tree Books, £2.50. 128 pages

State of Siege by Jim Coulter, *Susan Miller* and *Martin* Walker. Canary Press, £3.50. 230 pages

Three books—one little more than a pamphlet—have now appeared wholly or in part concerned with the miners' strike and the miners' union president. They form a nice symmetry: one is from the far left, one is from the far right and the third, a "proper book" (with the Penguin imprint to prove it) from an objective position.

The third of these first, *Scargill and the Miners*, follows Michael Crick's *book on Militant* in being a methodically researched, calmly (even flatly) phrased work about a subject which stirs many either to adulation, awe or apoplexy. It is worth reading because it makes a number of matters quite clear: the development and beliefs of the left in the NUM and of course of Arthur Scargill, the flower of that left; the origins of the 1984 strike (or some of them); something of its progress.

So we read that Arthur Scargill, son of a Communist father, became himself a young Communist defending his leftism against the social democratic hostility of his older pit colleagues. We learn how the NUM left gradually extended its power and influence over more and more areas, especially Yorkshire, in the 1960s and 1970s; we are reminded of the twisting road to the pitched battles in the coalfields last year and this. Those whose interest has been whetted in the man who has led the strike —and whose has not?—will find a great deal to intrigue them in Crick's book.

But he has stuck to a confined brief, and while he never fully slips into a hagiographic portrayal of his central character, he comes close at times. The book makes absolutely no attempt to be a definitive work on Scargill, a man who has projected his beliefs and personality on this country more powerfully than any other figure save the Prime Minister and in the modesty of its aims, it can frustrate. It is hard to see how Crick, in a full-length work, much of which is autobiography, stopped himself trying to reach behind the speeches and the known facts to analyse, or speculate about Scargill—or even run after the myriad hares Scargill's own pronouncements set running.

Instead, he can be at worst banal, and sometimes charitable to the point of blindness. As: "In relations with his staff, Scargill rightly sees himself as the boss, and so he expects people to do precisely what he tells them to. Perhaps understandably he gets very annoyed *when they don't*." Or: "Privately Scargill dislikes much of the indiscriminate violence which occurred in 1984. . . ."

Against this, though, Crick usually prefers to throw in the *evidence*, and let the reader judge. If he has been unwilling to criticise or analyse, he *has* been *willing to provide the* facts, and that makes the book worth buying.

The same can't be said about the other two. Many explicitly partisan books will be written about this strike, and so they should be: perhaps the best of them will be among their ranks. *But if they come from the right*, they will owe nothing to *Scargill the Stalinist*, which found an instant home on the feature pages of a number of tabloids and is just as perishable.

Much of it is a compilation of *quotations from newspapers or* magazines, arranged in thematic divisions: the remainder is political "analysis" which seeks to prove Scargill=Stalin where Stalin=power-hungry, egomaniac dictator, and to detect the hand of Moscow in the strike. Actually, the extent to which Scargill does adhere to a political programme somewhat *similar to Stalin's* is worth describing sensibly: but that cannot be done by using *Stalinism (or Scargill*, for that matter) as a *synonym* for "nasty."

States of Siege is a quintessential ultra-left view of the strike, where its import is seen as an example of state oppression deployed to rub out *proletarian struggle*. In this, *the police are the particular* villains, the visible jackboot beneath the frills of the liberal skirts. Example: "Civil liberties are a luxury which only survive at times of economic growth. When there is a crisis *of capital, or when the owners of capital* decide to re-locate labour or abandon it, civil liberties become dead letters."

Again: "The state is well practiced in the exploitation of right wing minorities (as the Notts miners): it has used and manipulated them not *just* by splitting unions as the British and Americans did across Europe after the Second World War, but also by dividing communities as *it has done in India*, Cyprus and Ireland: wherever there has been democratic resistance to British rule."

Of more value than this vapid Spartism is the evidence of police brutality against miners: but by the time we get to it, it is hopelessly conditioned by *being sandwiched* between great swathes of prose like the above.

Scargill: facts behind the myth

Arguments made passionately are of real, even supreme value: but not when they refuse to recognise either opposing views or awkward facts.

Fiction

Visitors and natives

BY ISABEL QUIGLY

Antipodes by David Malouf. Chatto and Windus, *£8.95. 160 pages*

The Lipstick Boys by Jeremy Reed. Enitharmon Press, *£7.50. 131 pages*

The Eleventh Summer by Carlo Gébler. Hamish *Hamilton, £8.95. 162 pages*

Superior Women by Alice Adams. Heinemann, £8.95. 368 pages

David Malouf's *Antipodes* consists of short stories with *Australian settings or* Australian people abroad. Over several of them, Europe broods, an inhibiting if romantic presence—the Old World, almost the "real" world, beside which Australian seems provincial, vigorous, earthy. This view may seem crude, but it's very subtly put across, with the lightest of touches, suggestions, hints. In whatever he writes Malouf manages to be saying two things at once, or more. Sometimes his people don't communicate because of this — the secondary thing being said quarrels with the obvious, the primary one.

When the *teenage* boy first really sees the night sky, it's a sight that opens up his soul, changes his outlook and life, an unforgettable moment. That it happens to be the moment when he's victim (more or less) of a sexual approach doesn't matter. It matters horribly to the poor professor, *his unwilling* ravisher, who doesn't realise that the boy has scarcely noticed.

In other stories natives and visitors fail to communicate, living as they do in separate worlds, with memories that have nothing in common. Scenes disintegrate for similar reasons: the holiday island becomes a place of horror, of danger, corpses, and a dramatic escape.

The stories are beautifully composed and controlled; often moving, exhilarating, written with a quiet but passionate conviction. They vary in quality but at their best their bleak [illegible] suff[illegible] of the underside of experience and the duality of everything, make them outstanding. That Aus*tralia seems exotic to many of* us has little to do with it. it's a bonus they could manage without.

Then *two first novels* by young men. Jeremy Reed's *The Lipstick Boys* is an extraordinary book by a poet, dealing with homosexuals and their world but more about the nature of isolation, suffering and the nature of poetry and the poet than about the usual subjects of the homosexual novel.

True, Bert, a heroin addict, Jim, an aged kleptomaniac, Klaus, an "ordinary"-looking, neatly dressed German, the nar*rator, a 6th-form schoolboy* who writes poems in the public library each morning, even the girl who gets killed in a swoop of violence that matches hers, all live in a hellish world where they seem to seek the antagonism of others by flaunting their own "otherness." The boy's black nail varnish and lipstick are a challenge to the terrifying toughs in dark streets, and he is flung with the others into a whirlpool of the flawed and the damned *from which* there is no escape and no wish, even, to escape. The book's preoccupations aren't social or sociological or sentimental: they are the *nature of being, of identity*.

Reed's writing is brilliant though difficult, even hermetic. I couldn't put the book down yet at moments could hardly press on, hardly follow its densely wrought pattern of words. It's a poet's book and has to be read as such.

By contrast Carlo Gébler's *The Eleventh Summer* is prosy, and totally realistic. It makes use of that familiar fictional device, the flashback. Adult Paul returns to the Ireland he last saw as a boy of 11. Then it's back to his early years and a fraught summer with his grandparents. Grandfather is a drunk, brutal, dislikeable, alarming; Granny an ineffectual, kindly old body. There's cousin Philomena for the statutory sex scene and Auntie Bridget for the terrible teaparty. Finally there's Paul's appalling father who comes to claim him and takes him off to heaven knows what sort of a life in London. And then adult Paul returns in an epilogue to greet a surviving earlier character and report on the urbanisation of the once *rural scene*.

The Eleventh Summer is a curiously static novel, short but, I have to say it, a bit boring. The writing is dull, sometimes clumsy or careless, and you *clump from phrase to phrase*; yet occasionally its deadpan air is almost impressive. Perhaps there's promise in the unblinking eye, but it needs more skill in transmitting its vision to the world. A series of carefully noted anecdotes isn't enough.

"Forty years on" is a powerful temptation to the novelist. *From The Group* at the top end to the execrabe *Lace* at the bottom, the idea of taking several class-mates from school *or university and seeing how* they go has lured the good, the bad and the middling. It has everything except originality—the haphazard conjunction of character, *their fanning out into* life, surprises, about-turns, time's revenges, the emergence of new qualities. In real life you can play the game and see where those you played with at four or five have now landed.

Superior Women has all the limitations and possibilities of the genre: it takes five American girls in the 1940s, at Radcliffe, and follows them on to the 1980s: marriages, rivalries, lovers, careers, children, politics, etc etc. Well, that's life, and if treated by a good novelist it's fine. Alas, in Alice Adams's hands it's soap opera, and what's superior about her mediocre quintet is hard to see.

The first one-volume hardback edition of Anthony Burgess's Malayan Trilogy has just appeared under the title of The Long Day Wanes (Heinemann £12.95, 583 pages). It comprises three novels all written, in the late 1950s, Time For a Tiger, The Enemy in the Blanket and Bed in the East, when the author was serving as an education officer in the Colonial Service. He thoughtfully provides a glossary of Malay words used in the text.

Sharon alone

BY RICHARD JOHNS

Israel's Lebanon War by Ze'ev Schiff and Ehud Ya'ari. Allen & Unwin, £12.95. 320 pages

Ariel Sharon saved his honour over the one specific allegation involved in his libel suit against Time Magazine. A New York jury found both defamatory and false its report that he discussed with Lebanon's Christian Phalangist leaders their plans for revenge following the assassination of President Bashir Gemayel and prior to the massacre of Palestinians at the Sabra and Chantilla refugee camps in September 1982.

Yet, as Israeli troops start to withdraw from the south of Lebanon, this is unlikely to exonerate him in the minds of most Israelis from responsibility for the extent, duration and cost of the military adventure which is still not ended.

That is the indictment of Ze'ev Schief, military correspondent Ha'aretz, and Ehud Ya'ari, Middle East affairs specialist of Israel TV, two award-winning journalists with unparalleled Israeli contacts and very good Lebanese ones as well. The man at the centre of their *book is*, of course, Sharon, the dashing war hero of yesterday, who they say, "transformed the war in Lebanon into a personal campaign, even though the Cabinet had disqualified his approach, the country's intelligence community cautioned against it, the *senior ranks of the army*—not to mention the political opposition and certain sectors of the Press — forthrightly opposed it."

The operation originally planned by Sharon and approved by the cabinet was to have lasted only 48 hours and be restricted to a 40 kilometre advance aimed at securing northern Israel from rocket attacks and infiltration by Palestinian guerrillas.

Sharon's "grand design" in*volved no less than the installa*tion of a "Christian" dominated regime in Lebanon allied with Israel, the elimination of the PLO as an independent entity, withdrawal by Syria and neutralisation of its threat to Israel, and a major diminution of Soviet influence in the area, at the cost of 600 dead, incalculable damage to Israel's economy, and a bad tarnishing of its image in the world. The only clear gain has been the expulsion of the PLO from Lebanon. Syria is still the main arbiter of events in Lebanon where the Shi'ite community, the majority, may have been *implacably antagonised*—and the PLO could yet be back.

Sharon succeeded in extending the operation as far as the Bekaa Valley, the main highway to Damascus and eventually—in defiance of an agreement with the U.S.—West Beirut. He did it, say the authors, by bypassing standard decision making processes, evading safeguards built into the democratic system, and blocking the flow of information from the General Staff to the Cabinet. Sharon obtained retrospective approval from the Cabinet by portraying unauthorised advances as the response to developments in the field. Prime Minister Menachem Begin's backing was won by kindling his "zeal to penetrate right down to 'Arafat's bunker.'"

Many others were guilty by political default. But it is the bulldozing will and cunning of the former Minister of Defence *which dominates this brilliant* and definitive book.

As for the massacres, the authors do not claim to know exactly what words were ex*changed at the meeting between* Sharon and the Gemayels. Yet no-one, not the least the Kahan Commission set up to investigate the outrage, doubts that Sharon bore chief responsibility for letting the Phalangist militias into the camps in the first place to flush out guerillas and their weapons despite warnings of the possible consequences.

WTS era

F.A.N.Y. The story of the Women's Transport Service 1907-1984 by Hugh Popham. Leo Cooper/Secker & Warburg. £12.95. 146 pages

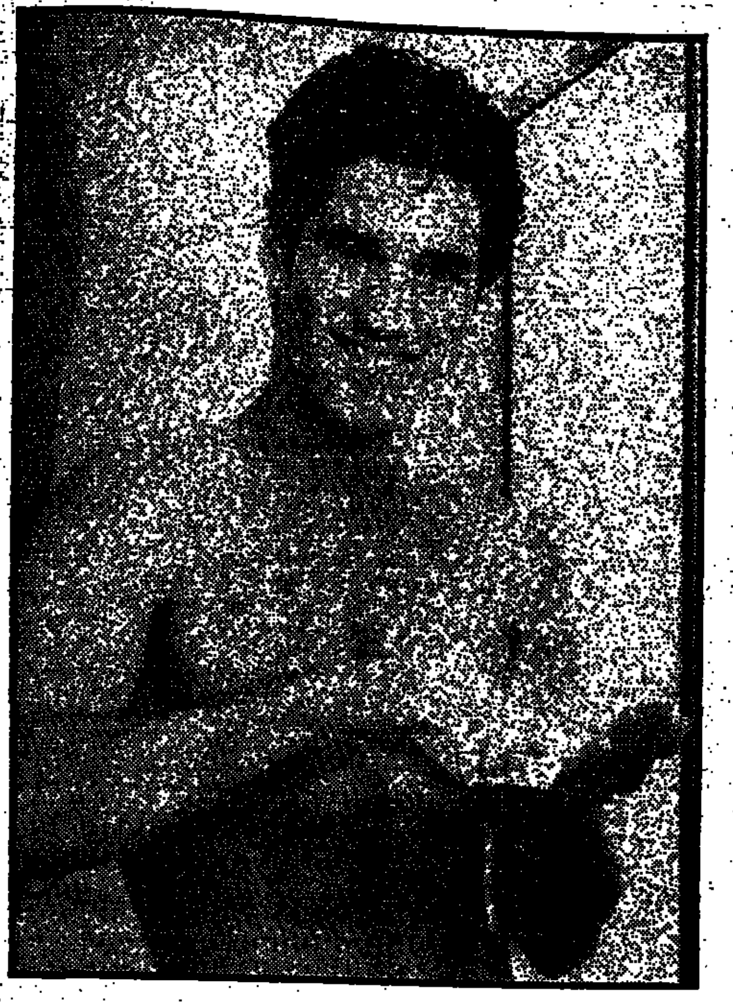
Many a general would say: "The FANYs? Didn't know they still existed!" Those same generals would reminisce about the work of the high-spirited and proud Corps in two world wars. Hugh Popham's highly readable book traces the Corps' fascinating history from its founding in 1907, mounted, in dashing navy blue and scarlet uniform to its emergence in khaki in the 1914-18 War.

Today the WTS/FANY Corps, Duke of York's Barracks, with its Commandant-in-Chief, Princess Anne, continues the traditions and skills. Hugh Popham's book captures the full flavour of its history.

VALERIE [illegible]

by Lucia van der Post

Sweet nothings



ALL THE world loves a lover, goes the saying, and the sellers of Valentine cards, of flowers, of chocolate and of perfume love them best of all. For Valentine business is booming. Each year more of us than ever before are persuaded to part with more of our hard-earned cash on ephemeral tokens of love. Well over 25 million cards, it seems, will soon be winging their way on their heart-tugging missions. Interflora says that in St Valentine's week it sends out some 100,000 extra blooms and sales of chocolate, perfume, lacy sweet nothings soar.

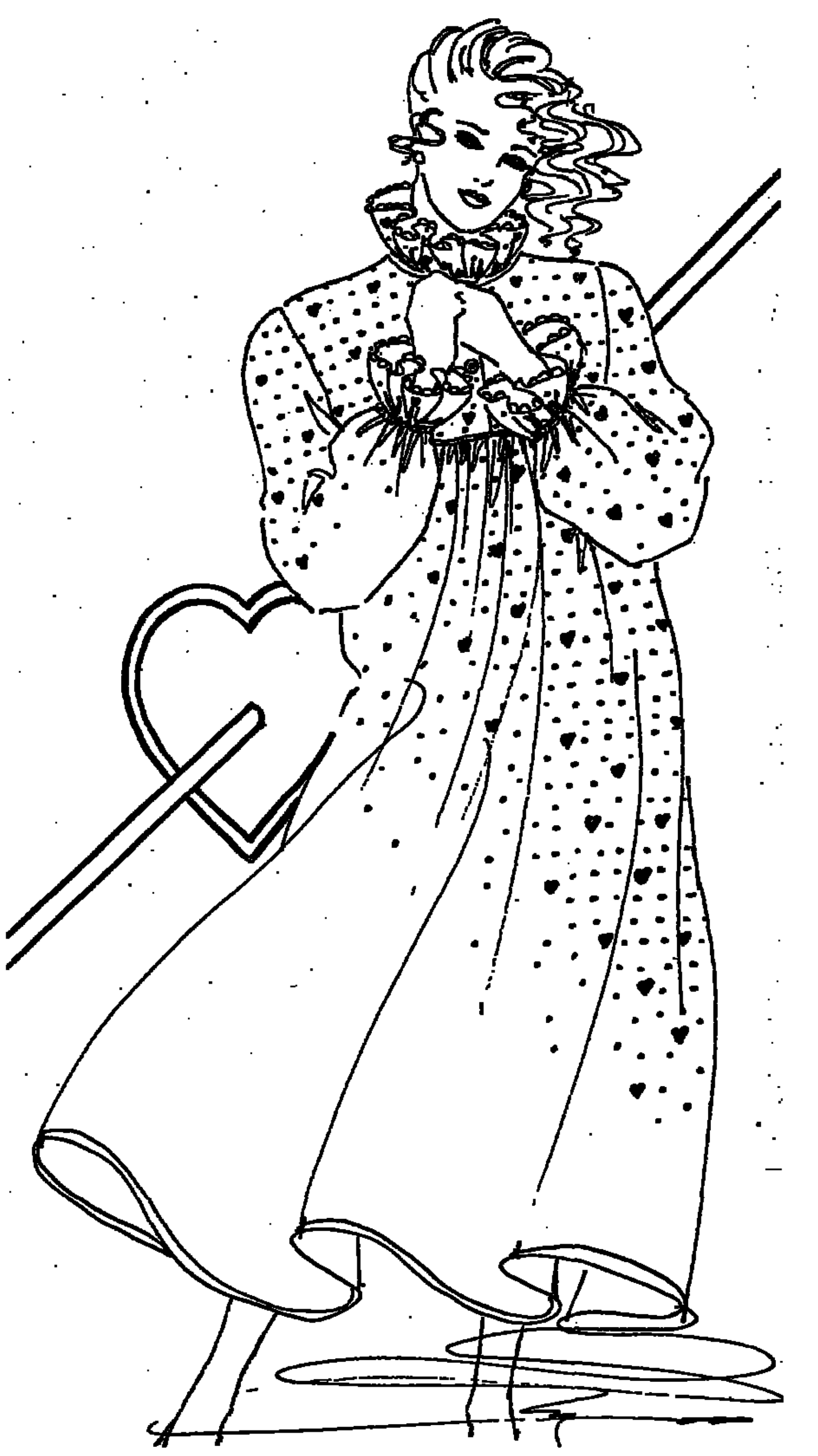
If you, too, feel the urge to let your loved one know you care then the ways and means of doing so have never been more various. The post may not be all that it was (in Victorian England you could post your Valentine card on the morning and be sure that it arrived before evening) but there is still plenty of time to think ahead.

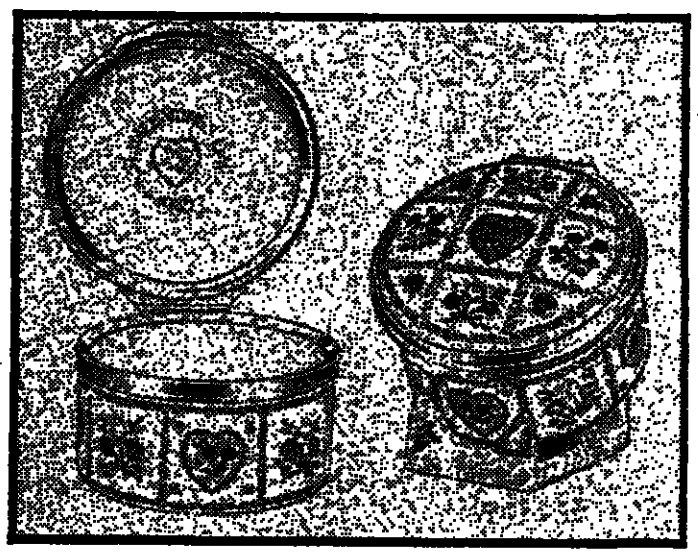
If all you want to do is lift the 'phone and have the whole hassle taken off your shoulders, ring Unirose on 01-727 3922—for the number of your credit card they will dispatch anything from a single red rose (£6.50) to a bottle of Veuve Clicquot champagne (£20.95). Or you could ask for a yard of Bendicks Bittermints (£24.95), cultured pearl stud earrings (for pierced ears) in a jewellery box (£19.50) or a 1 oz pack of finest Russian Beluga caviar (£18.50).

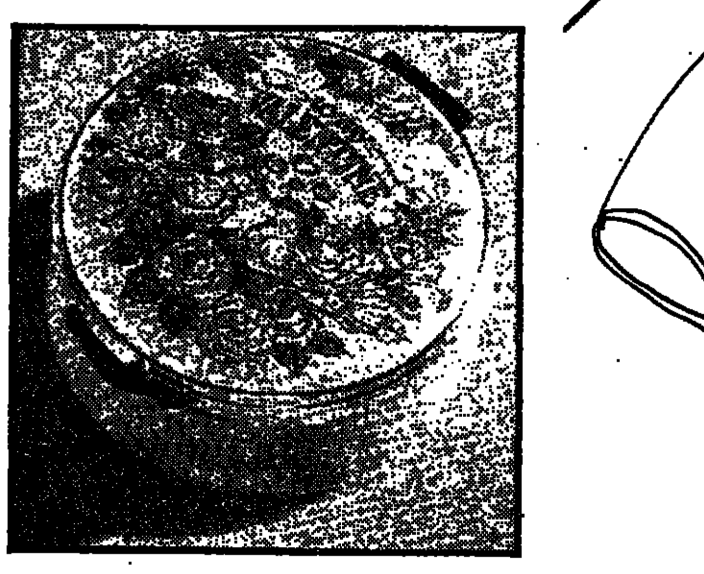
If you think red roses, chocolates and perfume are old hat, then the Chicago Pizza Pie Factory will send heart-shaped pizzas anywhere in the UK, making sure they arrive on February 14. For £7 (plus £4.75 p+p) you get a pizza big enough for two (for details, telephone the pizza heartline on 01-491 3526).

Judging by the press releases on my desk it seems that come February 14 many a pin-striped suit is going to be covering up a pair of boxer shorts bedecked with scarlet hearts—at £7.75 a pair, they are in shops up and down the country, including The General Store, 111 Long Acre, Covent Garden, London WC2.

For other ideas, read on.







ABOVE: It wouldn't be St Valentine's Day without little boxes to commemorate the event. Nicest of all, in my opinion, are the old antique ones but these do not come cheap. At Halcyon Days of 14 Brook Street, London, W1, there is a lovely selection of what it calls "romantic" boxes, all embellished with suitably heart-warming messages, but prices start at about £200.

For those who find that modern enamelled boxes are more within their reach, two of the latest are photographed here. Right is a small (4.5 cms in diameter) round version from Crummles—embellished with doves and roses, bearing the words "To My Valentine" (no prizes for originality but that, after all isn't the point) it sells in good department and gift stores up and down the country for £28.25. Centre and left (open and closed models) is this year's version of the theme, produced with its usual skill and sensitivity, by Halcyon Days. The box bears the traditional Valentine motifs of hearts and flowers and the words that say it all—I love you. The motifs are all hand-painted on copper by Halcyon Days artists in the Bilston studio. As usual the box is produced in a limited edition which ceases on February 28 this year.

Each box comes in its own velvet-lined case with a certificate of authenticity and they can be bought either from the shop for £33.20 or direct by mail for £1.60 extra to cover postage and packing.

For those who fancy giving something that is as practical as it is pretty, as wearable as it is romantic, After Dark of 64, Pimlico Road, London SW1, sells this polycotton full-length white nightdress, awash with red, pin or blue hearts, for £20.50 (plus £ p + p). To order you don't need t quote complicated sizes—just size (small to medium) or size 2 (mediu to large). Enchantingly pretty, to are the knitted wool slippers with silver heart embroidered on th fronts. In pink and white, blue an white they are £16.95 a pair (30 p + p), in small, medium and larg sizes.

The well-groomed look is in

IF YOU thought that wearing a little bit of after-shave was the most that real men could get away with if they didn't want to find themselves getting strange looks in the pub, then you are in for a big surprise. Real men are doing all sorts of things that once were strictly out of bounds. Along with the whole business of keeping fit and cutting out the steak and kidney pudding has come a much keener interest in how he looks. In other words, to give you the good news first, it is now perfectly all right for men to try to look their best.

The trouble is that most men have had less practice at knowing how to look their best than women. In other words, they need help. Worry not, help is at hand.

For many a year now, Selfridges of Oxford Street, London, has greeted February with what it calls its Beauty Playground. The splendid idea behind this is, that instead of being pressurised to buy products by tough sales assistants from the various cosmetic houses women can go along and experiment with al lsorts of cosmetics in an area where no saels may take place at all (if they fall in love with a product they have to go to the ground floor to buy).

This year, you've guessed it, there is a small revolution — there is going to be a counter for men. There have, in the past, been a few of what the trade calls "men's fragrances" to try, but this year Aramis and Fitness For Industry have joined hands to offer the male of the species much more comprehensive advice. For an initial fee of £2.50 (redeemable if later he buys any products) they offer to give him an assessment of his general health and fitness (done by experts from Fitness For Industry) and advice on hair-care, shaving and body care from Aramis consultants.

It works like this — you make an appointment by telephoning 01-629 1234 ext 3849 and when you turn up Fitness For Industry proceeds to give you a simple fitness test. Needless to say this isn't as thorough or as sophisticated as the full-scale BUPA test reported on by Ian Hamilton Fazey earlier in the year but it does give you a base-line guide to your general fitness. Each customer is asked to fill in a small questionnaire which would alert the assessors to any medical problems. He is then weighed and put on a cycle ergometer (an exercise bicycle to you and me). He is connected to a cardiometer by an electrode fitted to the chest and he is then asked to cycle for six minutes with a variable resistance which is adjusted according to the readings from the cardiometer.

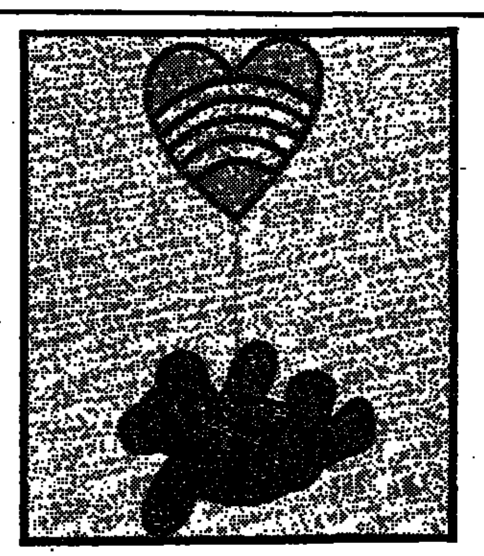
By feeding the customer's cardiometer readings, his weight and age into a calculator a basic state of fitness is arrived at, ranging from poor, unsatisfactory, satisfactory, good through to excellent. The Fitness For Industry team (this particular team is based normally at the Institute of Directors) is trained to be able to give sensible advice based on the results of the test. If clients are able to attend Fitness For Industry centres and do exercises under a supervised regime so much the better. If not, instructors can be organised to go into homes or offices or else the advisers will simply give out sheets of appropriate exercises to do at home.

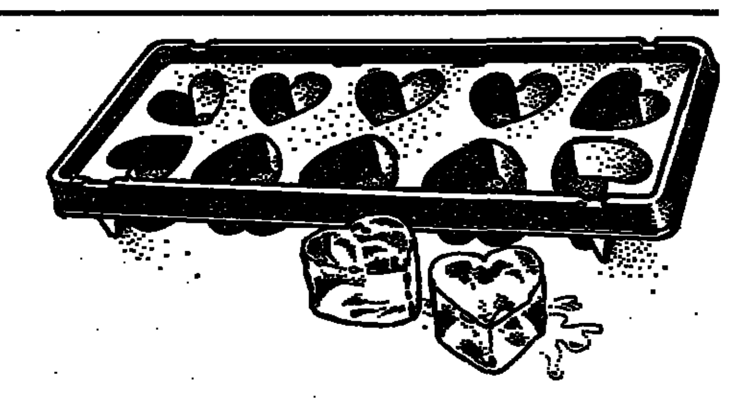
There are several Fitness For Industry centres around the country. Write to them at 116, Pall Mall, London SW1 for the full list. Annual fees are about £200.

Having decided, therefore, on a programme of becoming fitter or maintaining the fitness you already have, you can then move or rather glide soothingly into the manicured hands of the Aramis ladies.

If you want to be shown how to shave the proper, skin-preserving way, they will show you how. If you would like to know what to do about all those little problems that are keeping you awake at night—like your razor rash, the "laugh" lines round the eyes, the dryness of the skin, the texture and condition of your hair, the odd spot or two, then the soothing Aramis ladies will know exactly how to cope with it. And fear not, you won't emerge looking like Boy George—skin care and grooming, not make up, is what this exercise is all about.

All this is unfortunately for the moment only available at Selfridges' Beauty Playground which is on from February 4 to 15. Anybody who has not the time for the fitness assessment does not need to make an appointment—he can just turn up and have the grooming advice from Aramis free. Those who want the full treatment and pay the £2.50 fee, are offered a discount on future membership of any of the Fitness for Industry centres.





ABOVE: cool the drinks with heart-shaped ice-cubes — WL Housewares tray makes 10 perfect hearts of ice; £1.49 from many stores, including Tesco and Lewis's branches, and Everyday Gourmet, 229 Kensington Church Street, London, W8. BELOW: Tea for two with this heart-strewn china tea-set fron Nine Campbell's Gifts an Accessories shop at 48 Waltoı Street, London, SW3. Heart come in pink, green or blu (and, for the hopelessly romar tic, match up with heart-strewi fabric)—tea-set and tray ar £42.50.

FOR presents on a jokier theme, Frog Hollow at 15, Victoria Grove, London W8, has some offbeat ideas (apart, of course, from the whole corner of the shop devoted to ideas to please the apparently large number of frog fans). Sketched at the back are three cushions, each bearing a different message on a white background and costing £21.95 each (can be posted for £1 extra). In front, from the left, is one of those puzzles that drive you mad — Aquabatics. You try to get the floating dots to lodge in the little holes that spell I Love You (£3.35 plus 75p p+p).

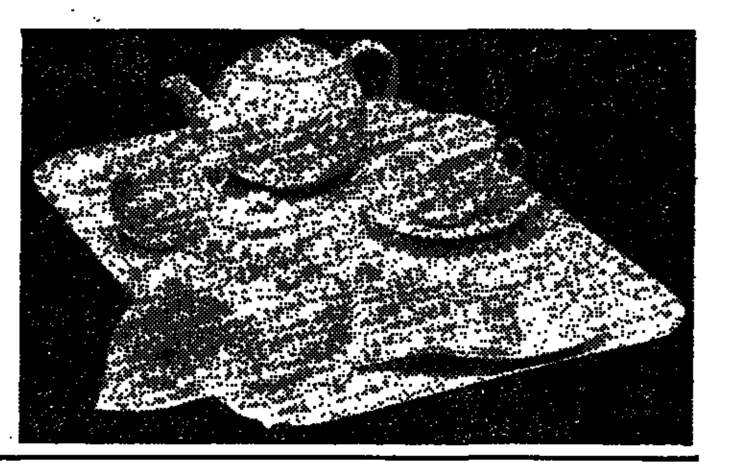
In the centre, back, is one of those interlocking wood puzzles here spelling out I Love You — the middle heart is in red, the flanking pieces are in natural wood (£4.50 plus 75p p+p). Give him (or her) his morning coffee in his own special mug — the I Love You mug comes in its own gift box and costs £3.50 (p+p 75p).

Finally, right in the front, is a small, painted metal pail with a message — it is just 99p and only available to personal shoppers. Fill it with heart-shaped sweets or chocolates.

Above right is a new idea from the Unicorn Glass Workshop, the stained-glass studio. What could look more welcoming hanging in a window than a brightly coloured teddy bear holding aloft a special red valentine balloon? The teddy bear is just 5½ ins by 3½ ins, the balloons are about 4 ins by 4 ins. They can be bought separately (£6.95 each) or together for £11.95. Or there are hand-painted heart-shaped dishes at £3 (for 3½ ins by 3½ ins size) and £5.95 (measuring 5 ins by 5½ ins). For these and other ideas in a full-colour mail-order brochure, write to Unicorn Glass Workshop, Tooses Farm, Stoke St Michael, Bath.

Right: Just one of the many sweet-toothed ideas from Chantal Cody's Rococo Chocolates, 321, Kings Road, London SW3. A smal lchocolate heart-shaped box filled with chocolates and embellished with those three little words for £3.75. There are masses of other delicious sweetmeats which can be dispatched by Rococo to the one you cherish—choose from large red foil-covered chocolate hearts (£7) to small red and gold praline hearts at 60p each.

Drawings by Celia Baker Frank Wheeler and Clare Brooks



BRIDGE

E. P. C. COTTER

BOTH MY example hands today come from rubber bridge. The first was dealt by South with both sides vulnerable:

N
♠ Q 7 4
♡ 8 5 2
◇ A K 10 6
♣ 9 7 2

W
♠ 9 2
♡ K Q 9 4
◇ 8 7 2
♣ Q J 10 3

E
♠ 6 5 3
♡ 6 3
◇ Q J 9 5 4
♣ K 8 5

S
♠ A K J 10 8
♡ A J 10 7
◇ 3
♣ A 6 4

South opened the bidding with one spade, North replied with two diamonds, which cannot be criticised, and South rebid two hearts. North gave simple preference with two spades — he has already taken out at the two-level—and South jumped to four spades.

Winning the lead of the club Queen in hand, declarer at once cashed dummy's two top diamonds in order to discard a losing club, then led a heart, and finessed his Knave, which lost to the Queen. West cashed his Knave of clubs, and the next club was ruffed in hand.

South now drew trumps with Ace, King, and Queen, and returned another heart, finessing the ten. West won with the King, and returned the 13th club. The declarer ruffed, cashed the heart Ace, but he had to lose another heart trick, and went one down.

"That was a bit tough," said the declarer. "Not only did West hold both heart honours, but he held the guarded nine as well."

A bad break, certainly, but it could have ben overcome. At trick four South should have cashed the heart Ace, and followed with the seven. West wins with the nine, but no return of his can prevent the declarer from eventually ruffing a heart with dummy's Queen of trumps, to make sure of his tenth trick. Instead of worrying about finesses and 3—3 breaks, the declarer should have seen that he could afford to lose two hearts and one club, and make dummy's trump Queen as a ruffer.

My second hand comes from partie libre of a good standard:

N
♠ K 6 6 3
♡ K 10 6 4
◇ J 10
♣ 9 5 3

W
♠ —
♡ Q 8 7 3
◇ A Q 7 5
♣ K Q J 10 2

E
♠ Q 8 2
♡ 9
◇ 9 8 6 3 2
♣ 4 8 7 4

S
♠ A 10 9 7 5 4
♡ A J 5 2
◇ K 4
♣ 6

Sitting South at love all, I dealt and said one spade. This was doubled by West, and my partner jumped to three spades. This is, of course, not a strong bid—with a good raise to three spades after West's take-out double. North would have indicated this by a conventional bid of two no trumps. Though not overburdened with points, I liked my six-card suit and the shape of my hand, and I bid four spades. This was doubled by East, and all passed.

West led the club King, East dropping the eight, and a second club was ruffed in hand. I led a spade to the King, and drew trumps, picking up East's Queen by finesse. I cashed the heart Ace, on which East played the nine, but I expected West to hold four hearts, so I led another heart, finessed the ten, and cashed the King. Now I ruffed the club nine—essential elimination—and threw West in with my last heart. He was forced to set up my diamond King, or concede a ruff discard.

"You should have overtaken my club King and returned a diamond," said West. "I still make the contract," I replied, "for I can squeeze West—that all-important club nine is a menace card.

Incidentally, East can make six diamonds.

CHESS

LEONARD BARDEN

WHILE KARPOV and Kasparov continued to grind away in Moscow, the 19-year-old British champion Nigel Short has advanced nearer the highest levels of world chess. This week Short won his eight-game series against reigning U.S. champion Lev Alburt by the decisive margin of 7-1, six wins and two draws.

Short, the world's youngest grandmaster has a rating of 2,535 in the new FIDE rankings which puts him in about 45th place. But his victories in the CGL Brighton zonal and the Alburt match will improve that figure to 2,570 and a place in the world top 25, ahead of ex-world champion Mikhail Tal and only 10 rating ponts behind ex-champion Boris Spassky.

Since official FIDE rankings began in 1971, probably only Karpov and Kasparov have achieved such a high rating figure while still teenagers.

The recent match at Foxboro, Massachusetts, was the first ever staged between reigning British and U.S. champions. and its chief organiser, local optician Dr Joel Altman, hopes the fixture will become an annual event.

Foxboro, population 18,000 and half-way between Boston and Providence, raised a $14,000 budget through its Rotary Club. The match was filmed for cable TV, and the U.S. postal service designed a special cancellation.

Short's December success at Brighton qualified him for the 1985 world interzonals, whose winners go on to a candidates tournament of 16 grandmasters in October 1985. Given further improvement at his present rate, Short now has a chance to become the youngest candidate from a Western nation since Fischer in the mid-1950s.

Theenically, Short won the match by his innovatory play against Alburt's favourite defence 1 P-K4, N-KB3. All four games

All four games with Short as White began with this Alekhine Defence, and the British champion made a clean sweep. Here is game one of the match; an early raid disorganises the black forces, Short manoeuvres well on the dark squares with rook, bishop and knight, then he picks up a pawn to reach a won ending.

White: N. D. Short (Britain). Black: L. Alburt (U.S.).

Alekhine's Defence (1st match game, Foxboro 1985).

1 P-K4, N-KB3; 2 P-K5, N-Q4; 3 P-Q4, P-Q3; 4 N-KB3, P-KN3; 5 B-QB4, N-N3; 6 B-N3, B-N2; 7 N-N5, P-K3.

Trying to improve on the book 7 P-Q4; 8 Q-B3, Q-K2; 9 N-K4, PxP; 10 B-N5, Q-N5 ch; 11 P-B3, Q-R4; 12 N-B6 ch, K-B1; 13 P-Q5, P-K5; 14 Q-N3!

White's lead in development given a good advantage, but 14 QxP, P-KR3! is unclear. Now the QxQBP threat makes Black scramble for survival.

14...N(3)-Q2; 15 NxN ch, NxN; 16 PxP, N-B4; 17 P-K7 ch, K-K1; 18 O-O! P-KR3.

For if NxB; 19 PxN! QxR; 20 QxP, B-Q2; 21 Q-Q8 ch mates. 19 B-KB4!

Short calmly changes tack and goes for a favourable endgame. 19...NxB; 20 BxBP, Q-KN4; 21 PxN, QxQ; 22 RPxQ, KxP; 23 N-Q2, P-B4; 24 B-N6, P-R3; 25 N-B4, B-K3.

A new theme; controlling the dark squares, Short has a grip on the centre and can prepare to undermine the K-side pawns. 26 B-B5 ch, K-B2; 27 N-Q6 ch, K-N1; 28 P-QN4, R-N1; 29 B-R7, R-R1; 30 B-N6, B-K4; 31 KR-Q1, R-KR2; 32 R-R5, B-B3; 33 B-Q4, BxB.

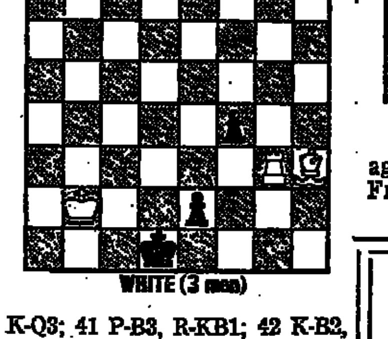
Better is B-Q1, keeping the two bishops. 34 RxB, R-N1; 35 R-K5, R-K2; 36 P-N4! K-B1.

Now a pawn drops, and with it the game. If PxP; 37 R(4)xP wins the bishop.

37 PxP, BxP; 38 RxR, KxR; 39 NxKP, BxN; 40 RxB ch, K-Q3; 41 P-B3, R-KB1; 42 K-B2, P-KR4; 43 R-Q4 ch, K-K3; 44 P-QB4, R-B1; 45 K-K3, K-K4; 46 P-QN3, R-B3; 47 R-Q5 ch, K-B3; 47 P-B5, P-KN4; 49 R-Q7, R-K3 ch; 50 K-Q3, R-K2; 51 RxR, KxR; 52 K-K4, K-K3; 53 P-N5! P-R4; 54 P-N6, Resigns.

POSITION No. 553

BLACK (3 men)

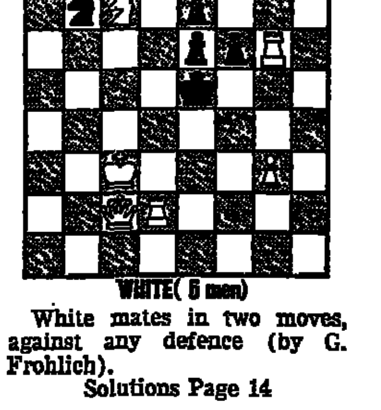


WHITE (3 men)

White to play; how does he win? This endgame by Reti (amended by Cheron) is a minor classic, with Black's pawn poised to queen. White can give up his bishop (1 R-Q3 ch. K-K8; 2 B-N4,K-B7; 3 BxP,KxB) but then Black's remaining pawn costs the rook.

PROBLEM No. 553

BLACK (5 men)



WHITE (5 men)

White mates in two moves, against any defence (by G. Frohlich).

Solutions Page 14

Is Sir Peter crying wolf?

Antony Thorncroft sums up the Gowrie case

This week Sir Peter Hall, director of the National Theatre, *threw* caution to the wind. He surprised an audience of the theatrical establishment, and the Minister for the Arts, Lord Gowrie, by an impassioned attack on the pancity of government subsidy *for* the arts, predicting that if there was no increase *in grants* the theatre in the UK would be dead in two years. His vehicle was the annual luncheon for the Standard drama award winners, usually an occasion heavy with mutual self-congratulation.

Customarily Sir Peter has kept somewhat aloof, running the National Theatre without the perennial cash crises that affect the other leading arts organisations in the country. As a result the National's increases in grant have often been less than those gained by rivals that make more noise about their financial problems, notably the Royal Shakespeare Company.

Lord Gowrie reacted tetchily to Sir Peter's attack, using the Today programme on Thursday morning to repeat his claim that when he took over as Arts Minister the West End was burdened with "dark" theatres *and is now* enjoying a mini-boom. He also pointed out that any other theatre manager that was given £7m a year in subsidy, or even a tenth of that sum, would be very happy indeed.

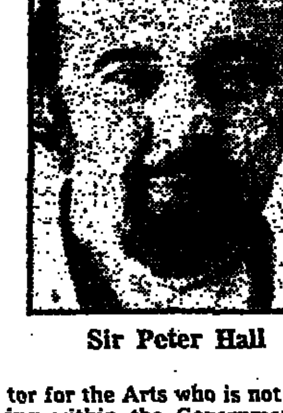
Lord Gowrie is obviously getting fed up with the continual complaints of the arts world about the amount of government subsidy. As well as being Minister for the Arts he is a Treasury Minister, with the task of cutting back public expenditure. He is also a convinced believer in the Government's economic policy. His point, which he makes continually, is that he can maintain the overall level *of subsidy but for growth, arts* organisations should look to other sources of revenue, most notably commercial sponsorship.

In December he gave the Arts Council an extra 5 per cent in grant, £105m, for it to distribute to its clients in 1985-86. But to support the council's "Glory of the Garden" policy, which diverts additional money to the provinces, the amount of cash available for the major national companies means just a 2 per cent rise in grant over the current year. This will be announced by the council next week.

Lord Gowrie feels that the NT has not done enough to attract sponsors. The RSC raises around £250,000 a year from business and has a full-time fund-raiser. Many of its productions in Stratford and at the Barbican are mounted with the aid of commercial money. *The NT almost signed* an important deal with Pearl Assurance a few years ago but at the last minute baulked at the idea of the insurance company's name appearing prominently in its activities. The Minister does not feel it can afford such fine feelings.

But on one point Lord Gowrie and Sir Peter are in agreement—the actual structure of the National Theatre is the cause of most of the financial problems. It might have taken almost a century to get a national theatre built, but if that had been delayed a few extra years a more human, practical and economical set of buildings might have arisen on the South Bank. Perhaps the real villain of the piece is the architect, Sir Dennis Lasdun.

Lord Gowrie



Sir Peter Hall

...chael Coveney ...terviews the ...rector of the ...tional Theatre

...Backstage at the National ...eatre on Thursday evening. ...one hour, the curtain rises ...Rik Mayall in *The Government Inspector*. The reception ...a is awash with bottles, ...ibles, cards and gewgaws. All ... paraphernalia of a big first ...ght. I spy no god luck mes...e from Lord Gowrie. Next ...ek the Arts Council ...nounces a 2 per cent increase ... the National's grant of ...75m: Sir Peter Hall reckons ... National could survive at ... present rate of productivity ... 6 or 7 per cent.

...In his office, Hall is relaxed ...t serious as the latest subsidy ...w breaks around his head. ...ke the dons in Oxford and ...ny leading doctors, he is ...ncerned that the Government ... embarked upon a course cer...n to alienate the profes...nal, creative and educational ...mmunities of Britain. Even ... media will turn sour, he ...rmises.

...He certainly looks like a ...okesman for a nation's ...eatre, *not* just the National ...eatre. For some, even in the ...eatre, he has been an ogre ... bogeyman *in the past*. As a ...rking director, though, he is ...ll qualified to champion the ...use. I spot an unsigned ...ter on the desk from the ...yal Court thanking him for ...eaking up on everyone's be...lf, not just his own.

..."We have been punished for good housekeeping. Since we opened on the South Bank, it has been taken for granted that it is easy to keep these three theatres full, because they have been. It is much easier to have an empty theatre. Whatever people may think of our work, I am a little proud of *that* achievement."

Sir Peter is a pragmatist, not a fantasist. Thesort of enterprise the *Glory of the Garden* purports to approve is the Royal Exchange in Manchester. That *theatre, one of the finest and* most consistently successful in the country, is on its knees. It may well have to shut for half the year when the proposed dissolution of the Greater Manchester Council goes through, thus depriving the Exchange of half its subsidy. Similarly, the National stands to lose £750,000 if the Greater London Council is to be believed in its threats. Since Christmas, Sir Peter has been *contemplating* these grim realities. He has no intention of deserting either the National or the field.

Can he answer Lord Gowries' *two main complaints* of the National being a spendthrift organisation and one reluctant, unlike the Royal Shakespeare Company, to court sponsorship?

What prompted Sir Peter's outburst on Tuesday were Lord Gowrie's remarks (excised from the subsequent TV report) congratulating the West End for thriving and prospering without a penny of subsidy.

Sir Peter is being truthful, not controversial, *in* pouring scorn on such platitudes: "If he believes the West End can exist without the talent and craft of the subsidised theatre, he knows *nothing about* the theatre in this country. This Government is systematically dismantling 30 years of achievement in its stated aversion to subsidy. "The Glory of the Garden," the Arts Council document which purports to promote theatre in the regions is, in fact, a tool with which to destroy it."

Is the day of reckoning at hand, or are these more wolf cries? "We told the Arts Council in 1982 that the day of reckoning would come. It has come. For 20 years the arts in this country have cried wolf; it was the only way to get money. Now the wolf is at the door. For six years, with a total expenditure of between £12m and £14m, we have balanced our books and not run up deficits. All along we have been rewarded with a grant that is half of the inflation rate.

"*This country, after 100 years* of radical agitation, decided to build the National Theatre. If the Government wants to close it down, let them do so. If not, let them treat us, and the national theatre at large, in a proper manner.

"If we are spendthrift, let him prove it. I long to be investigated. That accusation is an insult to the very large numbers of people who work extremely hard in this building. The Priestley Report, no question, was set up to discover profligacy and waste at the RSC and Covent Garden. That's what the Government wanted. Priestley discovered exactly the opposite, and would have done so here, I am convinced.

"As regards sponsorship, we raise over £250,000 a year in donations which we spend on our studio and educational work. This building costs between £2m and £3m a year to run before we even start to work in it. We simply must not put up seat prices and become more expensive than the West End.

"And, above all, we must preserve the company system which thrives on the vitality and creative energy of the people who work here. For that, however much sponsorship you may or may not raise, you must have subsidy."

What must be done and how much more money would make a difference?

"For another £20m, the Arts *Council could implement* the "Glory of the Garden" and make us productive. For the first time ever we have a Minister for the Arts who is not fighting within the Government on *our behalf*. He is justifying overall strategies and Government economic policies which are proving damaging, not just to the arts, but to the entire fabric of our society. I honestly believe the Government does not know what it is doing.

"Every theatre in the country faces a crisis, will soon go on short time, will therefore become less productive, will therefore become less worthy of subsidy. The prospect is bleak beyond *contemplation* and we must all go on and on about it until the Government sees sense."

What might happen on the South Bank? Sir Peter has already said he might be forced to close the Cottesloe, the small third auditorium currently housing the Mysteries, a production which on its own justifies the argument for subsidy, the climax of eight years work by Bill Bryden's company. Fewer shows, perhaps, in the other two houses.

On Monday he has a meeting *booked with Lord Gowrie* at which, he says, the debate will continue. Some flies on some walls have all the luck.

Rik Mayall, Rosemary Martin and Jim Broadbent in The Government Inspector at the NT

BBC pitches for its licence fee

RADIO

B. A. YOUNG

The BBC gave itself two spots in this week's radio to justify its proposed increase in licence fee, not to mention an illustrated feature in the Radio Times. First, a Sunday morning debate on Radio 4 chaired by Sue McGregor. She had Lord Annan of the 1977 report on the future of broadcasting; two MPs with brodacasting interests; an advertising man; and Stuart Young, the BBC's chairman. The debate was reported in these pages on Monday. Mr Young, supporting the proposed figure of £65 for a licence, argued that the suggested figure of 15 seconds' advertising an hour would not produce the required extra revenue; a true figure would be one minute 19 seconds, which would of course increase; and anyway, who would advertise on BBC1's showing of the last night of the Proms when there would be the usual Saturday movies and sports fixtures in competition?

They all agreed that some kind of concession should be made for old age pensioners and other unfortunates. Lord Annan advised that the BBC should get rid of some of the fat, the surplus staff (which, as Mr Young said, is less surplus than they have in commercial television—though that doesn't make it any less surplus if it is) and things like Radio 1, whose functions were competently duplicated by ILR stations. The only positive point I got from the debate was that anyone who says "like Tim and I" and "a media" should be banned from broadcasting for ever.

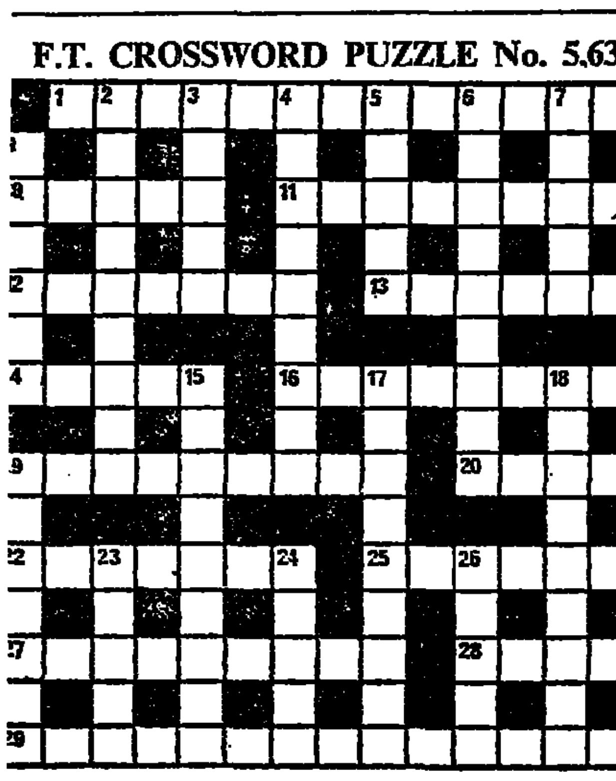
Sue McGregor was out *again* for Morning Call on Radio 4 on Tuesday, this time with Alasdair Milne, the director-general, to answer listeners' telephoned questions. Phone-ins are usually a waste of time except on local radio, and this was no exception. We had the same old business, the cost of the licence, the difficulties of pensioners, the possibility of advertising, the money the BBC spent on programmes not to the taste of whichever listener was telephoning. Almost all the matters raised concerned television. Mr Milne replied with courtesy on the established BBC lines. One proposal I thought a possible winner. The licence, though collected for the BBC's benefit, is no more than a permit to operate a set. So why not a licence for every set, as there is a licence for every motor-car?

Last night, Radio Countryside, the Guildford ILR station, had a programme, compiled and produced by Nigel Williams, called *You Can't Change Your Mind Later*. It was about teenage suicide. Among young people, self-slaughter is the second most *common* cause of death, coming next to road accidents. Every year about 100 people under 15 kill themselves. This may not sound a desperately unnerving figure, even if you add a few from road accidents or drug experiments that may have been suicidal in origin. But the number of *attempted* suicides is from 15,000-20,000.

Countryside's programme, admirably free of sentiment or indignation, reviewed some typical cases—a 16-year-old girl whose parents' break-up left her *with an unjustifiable sense of guilt*, and who swallowed 20 Valiums and a lot of whisky to finish it; a boy whose university room-mate, unhappy on his course, rode into the country on his motor-bike and slashed his wrists. There was some helpful advice from psychiatrist, counsellor, Samaritan, and schoolmaster on how to recognise the danger signals and how to treat the suspected case. (The solution, as the Samaritans know well, is to establish relationships.) Life for today's young *must* be fuller of anxieties than ever before, and the ways out are freely demonstrated on film and television and in the *little bottle of pills* at the bedside. The programme seemed to me of great value.

Circumstances deprived me of Radio 3's plays by Nigel Dennis on January 13 and Anthony Burgess on January 23, so I was specially anxious to hear *The Traveller* on Wednesday, a play by Stewart Parker, a writer of wit and originality. Neither quality, alas, showed up much. The eponymous traveller-writer (Donald McCann) who holds mental conversations with himself, has long preserved his wife's secret that she was born of an Irish nun and a raping Turkish bandit. When he hears this tale bandied about at a cocktail party, he is so angry that he sets off on a series for a Sunday supplement about "The state of the nation." The play records a line of miscellaneous encounters, false shape *being given* by a final visit to the unhappy ex-nun, now in a mental hospital. Sharp writing about nothing very much.

F.T. CROSSWORD PUZZLE No. 5,634



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

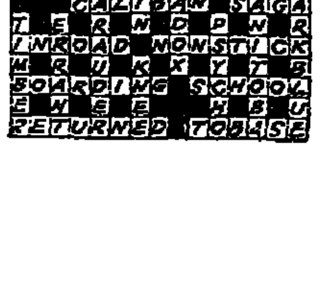
ACROSS

1 Wait and let the ostler do it (4, 4, 6)
0 Flower almost at the back of the boat (5)
1 Golden *opportunity* to get round Livingstone at friend's house (3-6)
2 Divert the nearly deaf from starting reading? (7)
3 Hair-do for blonde—no problems expected (3, 4)
4 Sermon in relation to mandible (2-3)
6 Technical skill needed to get forward on islands in river (9)
9 British copper (briefly) could be arrogant (9)
0 Poor old copper returned to languish (5)
2 Sailor, wife to Abraham's brother (7)
5 Limited to Americans is gold tooth (7)
7 Downy bird (5-4)
8 Outstandingly arrogant? (5)
9 Love among insects—right little German among insects in Paris (6, 8)

DOWN

2 Style of auto for patient man that's redundant (3, 2, 1, 3)
3 Bottom note in awful lament (5)
4 Historic thoroughfare in the City (3, 6)
5 River, for example, is possibly under Lyme (5)
6 Obvious one danger is getting done in (9)
7 Boy first, then a girl (5)
8 Records being put up impel profuse expenditure (7)
9 *Ascending's not easy* with cash flow problems (4, 2)
15 WATER GIRL (ANAG.) (4, 5)
17 Front page—£100, as they say—for one who eats out (9)
18 I find the way Reagan talks doubly hard material (9)
19 Flemish version of Flemish painter? (7)
21 Take off wages without punishment (6)
23 Sort of wave—boy takes it up (5)
24 Get a lift from Northumberland (5)
26 Littlewood sounds *fuzzy* (5)

Solution to Puzzle No. 5,633



Solution and winners of Puzzle No. 5,625

Mrs E. A. Salter, *10 Tredyson Place, Falmouth, Cornwall.*
Mr N. G. Hanson, 4 West Street, Abbotsbury, Nr. Weymouth, Dorset.
Mr H. L. Feuchtwanger, "Langdale," Ryeworth Drive, Charlton Kings, Cheltenham.
Mr W. Pugh, 21 Bell Orchard, Westbury, Wiltshire.
Mr T. Wheatcroft, 27 Sloane Court West, London, SW3.

BBC 1

† Indicates programme in black and white

7.10-8.25 am Open University. 8.30 The Perishers. 8.35 The Littlest Hobo. 9.00 Saturday Superstore. 12.12 pm Weather.
12.15 Grandstand, including 12.50 News Summary; Football Focus with Bob Wilson; Snooker: first semi-final in *the Benson and Hedges* Masters; Ski-ing: Ladies World Championship Downhill, from Italy; Boxing from Warrington; Rugby Union: the whole of England v France at Twickenham, followed by part of Scotland v Ireland; Final Score at 4.40 including classified results.
5.05 News; Weatherman
5.15 Regional programmes.
5.20 Doctor Who.
6.05 Jim'll Fix It.
6.40 The Little and Large Show.
7.15 One By One.
8.05 Dynasty.
8.55 Snooker: Coverage of the second 11-frame semi-final in the Benson and Hedges Masters.
9.45 News and Sport.
10.00 Match of the Day.
10.50 Snooker: Back to Wembley for further coverage.
12.00 "Mean Johnny Barrows" *(1976 film)*.

Regional Variations:

Wales—5.15-5.20 pm Sports News Wales.

Scotland—12.15-5.05 pm Grandstand: Rugby Union: full coverage of the match between Scotland and Ireland at Murrayfield; plus highlights of England v France from Twickenham. 5.15-5.20 Scoreboard. 10.00-10.50 Sportscene.

Northern Ireland—12.15-4.55 pm Grandstand: Rugby Union: full coverage of the match between Scotland and Ireland at Murrayfield; plus highlights of England v France from Twickenham. 4.55-5.05 Northern *Ireland* Results. *5.15-5.20* Northern Ireland News. 1.25-1.30 am Northern Ireland News Headlines.

England—5.15-5.20 pm London: Sport; South-West (Plymouth): Spotlight Sport and News; All other English regions: Sport and Regional News.

BBC 2

9.20 am-1.05 pm Open University.
†1.45 Saturday Cinema Double Bill: "Old Acquaintance," starring Bette Davis and Miriam Hopkins; and at *3.30 "The Pleasure Of His* Company," starring Fred Astaire, Debbie Reynolds and Lilli Palmer.
5.20 Snooker: Coverage of the first semi-final of The Benson and Hedges Masters.
6.50 A Vous La France! (French for beginners).
7.15 News and Sport.
7.30 The Saturday Alternative: Solti and the Chicago Symphony. BBC 2 and Radio 3 combine for a live relay from the Royal Festival Hall, London, in which Sir Georg Solti conducts the Chicago Symphony Orchestra: part 1: John Corigliano, Mozart; 8.15-8.35 Interval (Sir Georg talks about his life and the music in this evening's concert); part 2: Tchaikovsky.
9.30 "Figures In A Landscape," starring Robert *Shaw and* Malcolm McDowell.
11.15-11.50 World Ski-ing Championships.

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Cartoon Time. 9.35 *Scooby Scrappy and Yabba Doo*. 10.00 No. 73. 11.20 Space 1999.
12.15 pm World of Sport: 12.20 Ski-ing from Santa Caterina, Italy: 12.45 News; 12.50 On the Ball; 1.20 Athletics: The Toronto Star/Maple Leaf Games; 1.40 The ITV Five (introduced by John Oakley from Sandown and Jim McGrath from Stratford); 3.00 Boxing from The Dolphin Centre, Darlington: Errol Christie (Coventry) v Nestor Flores (Panama); 3.45 Half-time Soccer Round-up; 4.00 Wrestling; 4.45 Results.
5.0 News and Sport.
5.05 Blockbusters.
5.35 The A-Team.
6.30 The Fame Game.
7.15 All Star Secrets.
7.45 T. J. Hooker.
8.45 The Price Is Right.
9.45 News and Sport.
10.00 Aspel and Company.
10.50 London News Headlines *followed by Auf Wiedersehen, Pet.*
11.50 Magnum.
12.45 am Bizarre.
1.10 New From London (Wrathcold).
2.05 Night Thoughts with Mathoor Krishnamurti.

CHANNEL 4

12.55 pm Everybody Here.
1.25 The Making of Britain.
†1.50 "Brigham Young," starring Dean Jagger, Tyrone Power, Linda Darnell and Vincent Price.
†3.55 "Spooks Run Wild," starring The East Side Kids with Bela Lugosi.
5.05 Brookside.
6.00 The Other Side of the Tracks.
7.00 News Summary followed by Seven Days.
7.30 Shape of the World.
8.15 As The Years Pass, As The Days Pass.
9.45 Debussy: Feux d'Artifice/en Blanc et Noir.
10.00 Hill Street Blues.
10.55 Gospel According to Al Al Green.

S4C WALES

1.55 pm A Question of Economics: Have We Forgotten the Thirties? 2.25 Rygbi: Lloegr v Ffrainc. 4.00 A Week in Politics. 4.55 World of Animation. 5.05 The Decade of Destruction. 6.05 Where in the World? 6.35 The Avengers. 7.30 Newyddion. 7.45 Sion A Siân. 8.15 Theatre Pwy? 9.15 Y Maes Chwarae. 10.35 Julia. 11.30 Feature Film: "He Walked By Night," starring Richard Basehart.

REGIONS

All IBA Regions as London except at the following times:—

ANGLIA

11.20 am Battlestar Galactica. 11.50 pm Comedy Tonight. 12.20 am At the End of the Day.

BORDER

11.20 am Chips. 5.05 pm Cartoon Alphabet. 11.50 Shelley.

CENTRAL

9.25 am Adventures of the Blue Knight. 11.20 Chips. 5.05 pm Cartoon Alphabet with Tim Brooke-Taylor. 11.50 Shelley.

CHANNEL

9.57 am Puffin's Pla(i)ce. 11.20 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.10 Cartoon Alphabet. 11.50 Live from London.

GRAMPIAN

11.20 am The Fall Guy. 11.50 pm Teachers Only. 12.20 am Reflections.

GRANADA

11.20 am The Fall Guy. 5.05 pm Diff'rent Strokes. 11.50 The Saturday Film: Robert Shaw and Sally Kellerman in "A Reflection Of Fear."

HTV

11.20 am The Little House on the Prairie. 12.13 pm HTV News. 5.05 Cartoon Alphabet. 11.50 Jazz Special with Arnett Cobb (tenor saxophone) and Ellis Marsalis (piano), Chris Severin on bass and John Vidacovich on drums.

HTV Wales—As HTV West except: 11.50 pm-12.35 am Club Rugby.

SCOTTISH

11.20 am Battlestar Galactica. 11.50 pm Late Call. 11.55 The Protectors.

TSW

9.57 am Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 Cartoon Alphabet. 11.50 Live from London. 12.45 am Postscript. 12.50 South-West Weather.

TVS

9.25 am Porky Pig. 11.20 The Green Hornet. 11.45 Birdman and Galaxy Trio. 12.12 pm TVS Weather. 11.50 Jazz: Vibraphone player Gary Burton in concert. 12.20 am Company.

TYNE TEES

9.25 am Morning Glory. 9.55 Young Lookaround. 11.20 Captain Scarlet and the Mysterons. 11.50 Batman. 12.13 pm North-East News. 5.05 North-East News. 5.07 Cartoon Alphabet. 11.50 The Timeless Land. 12.50 am Poet's Corner. "The Country Clergyman" and "The Musician" by Ronald Stuart Thomas.

ULSTER

11.20 am Fireball XL5. 11.45 The [illegible] Jackanory. 12.43 pm Lunchtime News. 4.55 Ulster Sports Results. 5.03 Ulster News. 5.05 Lakeland Games. 9.57 Ulster News. 11.50 Guess Who's Coming to Dinner? 12.35 am News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast. 11.20 Battlestar Galactica. 5.05 pm Cartoon Alphabet. 11.50 The Master.

BBC RADIO 1

(S) Also VHF Stereo

8.00 am Peter Powell. 10.00 Adrian John. 1.00 pm Punk to Present (S). 2.00 Paul Gambaccini with America's hits (S). 4.00 Saturday Love (S). 6.30 In Concert. 7.30 Phil Kennedy. 9.30. 12.00 Dixie Peach.

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Sounds of the '60s (S). 11.00 Album Time (S). 1.00 pm The Impressionists. 1.30 Sport on 2: Football Preview; Racing from Sandown Park at 2.15 and 2.50; Rugby Union: England v France, plus regular progress reports from Murrayfield on Scotland v Ireland; Football: Half-time commentary from 3.55; Snooker: Reports from Wembley; Cricket: News from Kanpur on the 5th Test between India and England; Sports Report including 5.00 Classified Football results. 5.30 Cricket from Kanpur. 5.35 Rugby, Snooker, Racing. 5.50 Racing results. 5.55 Pools news and football results. 6.00 Folk on 2. 7.00 Beat the Record. 7.30 Hooknd on 2 (S). 9.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls (S). 1.00 Patrick Lunt present Nightride (S). 3.00-4.00 Wally Whyton introduces Country Concert (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.00 Robert Mayer Concert (S). 12.15 pm Thea King and the Budapest String Trio (S). 1.00 News. 1.05 Verdi's Operas: "Don Carlos," the complete original five-act version sung in French. Andre Turp sings the title role in this BBC production directed by John Matheson (S). (1.40-1.45 Julian Budden on the opera; 2.50-2.55, 3.55-4.00, 5.05-5.10 Interval Readings). 5.45 Critics' Forum. 6.35 Bach Cantatas 1724 (S). 7.00 Jazz Record Requests with Peter Clayton (S). 7.30 Chicago Symphony Orchestra: Solti conducts, live from the Royal Festival Hall (also on BBC 2), part 1: Corigliano, Mozart (S). 8.15 A Life Misspelt by Zinovy Zinik. 8.35 Chicago SO, part 2: Tchaikovsky (S). 9.30 Aldeburgh Festival 1984: Concert by the London Sinfonietta recorded last June. Debussy, Jonathan Lloyd; (10.05 Interval Reading); 10.10 Takemitsu, Jo Kondo. 11.00 Norway After Grieg (S). 1.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster: Hugo Young, Political Columnist of The Guardian, reviews the past week. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News: Money Box. 12.27 pm Blandings (short stories by P. G. Wodehouse). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: The Afternoon Play (S). 3.00 News: A Lexicon of Laughter with Richard Anthony Baker. 3.30 Maharaj (S). 4.15 Do You Come Here Often? 4.45 A Sideways Look at . . . by Anthony Smith. 5.00 Wildlife investigates "creepy crawlies" (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News: Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop The Week with Robert Robinson (S). 7.45 Baker's Dozen with Richard Baker (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 The Wow Show presents "Snogged Across the Borders" (S). 12.00-12.15 am News.

Contracts and Tenders

INTERNATIONAL INVITATION FOR SELECTION OF MAIN CONTRACTORS FOR PROJECTS IN INDONESIA

According to private loans granted by state provincial banks, two companies under Indonesian law have decided to invite international tenders for two new industrial and urban centres located in Indonesia.

The first one, located in Surabaya-Grezik-East Java, for United Overseas Central Bosco Ltd (U.O.C. Bosco), would include, on an area of more or less 1,000 ha, the following bids according to provisional forecasts:

* BID 1: Ship yard and dry dock — approx. US$17,500,000
* BID 2: Real estate development regarding 4,650 villas of seven different types, carried out in two phases covering five years — approx. US$75,000,000
* BID 3: Road construction and substructure — approx. US$16,000,000
* BID 4: Public and para-public buildings — Open

The second one, called *New Buteleng Town*, located in north of Bali near Buteleng-Singaraja, for Eisda Corporation, will include the following bids according to provisional forecasts:

* *BID 5: Ship yard and dry dock — approx. US$17,500,000*
* BID 6: Real estate development regarding 4,650 villas of seven different types, to be carried out in two phases covering five years — approx. US$75,000,000
* BID 7: Road construction and substructure (water, electricity system, etc.) — approx. US$16,000,000
* BID 8: Public and para-public buildings — Open
* BID 9: Extension and new fitting out of an existing hotel — approx. US$2,000,000
* BID 10: Offices building — approx. US$15,000,000

The consultant and engineering management company for the project, delegated by U.O.C. Bosco and Eisda Corporation, is the "Civil Construction Management Company — Europe" (in abbreviation: Cicomaco Europe S.C.).

155, Avenue Moliere
B-2060 Brussels.

The interested contractors can get the documents regarding preliminary invitation to tender against payment of US$1,000 (one thousand) for each bid, to Cicomaco Europe, bank account No. 655-5034980-20, CNL Bank Brussels, mentioning No(s). of the selected bid(s).

Payment(s) must reach Cicomaco on or before February 15, 1985.

Art Galleries

Educational

CHESS SOLUTIONS

Solution to Position No. 553

1 R-Q3 ch, K-K8; 2 R-KB3, K-Q7; 3 B-B1, P=Q; 4 R-Q3 mate, or here 3 . . . PxB=Q; 4 RxQ,K-K8; 5 R-B3,P-B8; 6 R-K1 ch wins. If 2 . . . K-Q8; 3 B-N4, P=Q(K-Q7; 4 R-B2); 4 R-Q3 mate.

Solution to Problem No. 553

1 K-Q3. If N-Q3; 2 Q-B5, or P-B4; 2 RxP, or K-Q3; 2 K-K4, or K-B4; 2 K-Q4.

LEISURE

Janet Marsh reads a book that lifts the lid on the booming business of antiques

Of dealers, junkies and artful dodgers

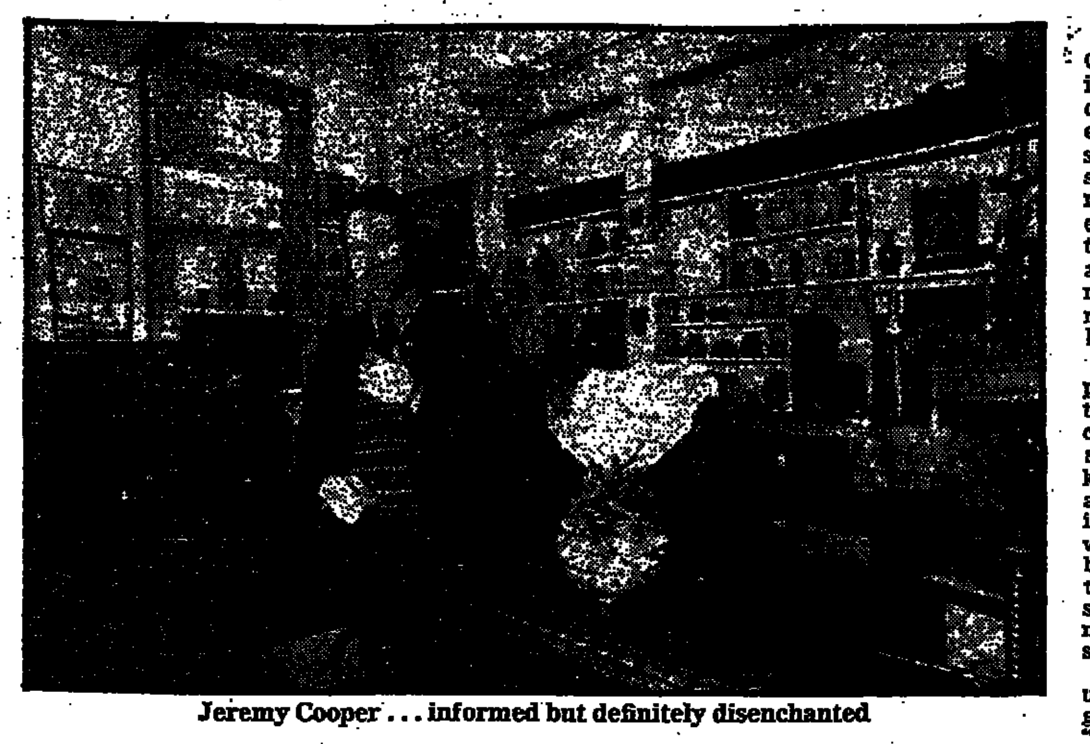
FROM THE title of Jeremy Cooper's *Dealing with Dealers* (Thames and Hudson, £5.95) and the funny cartoons by Julie Hoehn that decorate it, you might well suppose that you were in for a jolly recital from that interminable lore of apocryphal anecdote called Dealers' Stories. The sub-title is nearer the mark: *The Ins and Outs of the London Antique Trade.*

Cooper's urbane and entertaining essays set out to analyse the whole workings and philosophy of this wide-ranging and currently-booming business. His view is informed but definitely disenchanted. The ordinary reader or collector might well put down the book convinced that the best way to deal with dealers is sto steer well clear of them.

Indeed, so frank and unflattering is the picture of his old colleagues in the trade that, for the next month or so, Cooper might well find a chilly welcome in the auction rooms and the dens filled with cigar smoke at the back of smart shops in Fulham Road.

He knows the business far too well. As a veteran myself, I remember him 16 years ago as a Sotheby apprentice, just down from Cambridge, doing porter duty in a green smock. When Sotheby's opened their Belgravia branch to specialise in 19th and 20th century art and artefacts, he took charge of the furniture and works of art department. A year or two later, the company despatched him to Tehran on a necessarily short-lived project to develop the market with the Shah's Iran.

After Sotheby's he set up as an art consultant, and then ran one of the best shops in London, sited near the British Museum and specialising in furniture and objects of the arts and crafts period. Few antiques businesses have left such a gap as this did when he closed it in 1983 to concentrate on writing. In the meantime, he had become one of the telly's favourite holders — often highly-profes- experts.



Jeremy Cooper . . . informed but definitely disenchanted

In life, he is a charming chap; but his book suggests that too long in the antiques trade can breed a dangerous misanthropy. Cooper sees the dealer as "a drug pedlar booking his client onto rarer and more costly works of art"; but his wicket characterisation of the rich contemporary collector of taste suggests that he has no great sympathy for a lot of the junkies, either. Indeed, "the approach of some collectors to the dealers is so unpleasant that they deserve to be caught by every trick of the trade."

He classifies his dealers like an ethnologist: The great West End moguls with their multi-millionaire clients, Rolls-Royces and astronomic overheads; the large general specialists with their Volvo estates and "large shops set out with safe antiques lit by table lamps with bottle-green shades . . . permanently dust-free."

Most of his sympathies are reserved for the private dealers and the narrower specialists, the kind of people who concentrate on surgical instruments or Tyrolean treen and for whom "success depends not on fashionable appearances nor on traditional good taste but on their knowledge and enthusiasm for their chosen subjects." The clannish specialists in silver and carpets are, understandably, excluded from this approved group.

After this come the dealer-decorators and decorator-dealers, merging categories, identified by the swatches of fabric samples lying on newly-upholstered sofas. From these he moves to the rougher areas of the "trade only" dealers and the warehouse exporters who package antiques by the container-load, with styles and prices fixed according to season like greens at New Covent Garden.

The lower social orders include the open-market stall-sional traders — and the small general dealers who might once have had corner curio shops but now huddle in the antique supermarkets. One of the main-stays of the trade are the "runners" who have no premises but deal, for fast sales and modest profits, directly from their vans.

The very lowest form of life are the "knockers" who go from door to door trying to buy treasures from the ignorant and innocent householder. These are, Cooper rightly warns, to "be resisted on all occasions if not actually reported to the authorities." Cooper dismisses entirely the burgeoning Sunday antiques fairs, to be "avoided anyway because of the appallingly high percentage of rubbish being peddled by ignorant amateurs." They are not all that hopeless; and, anyway, a little ignorance in the dealer might often be thought an advantage to the informed collector.

Not, perhaps, in Jeremy Cooper's view: "The honest ignoramus is far more dangerous than the dishonest expert." Which is nice to know, since there apparently is no shortage of the latter. "The nature of the trade, with its easy money during boom times, the means it offers for taxation and currency fiddles, and its reliance on personal opinion rather than proven fact, attracts buccaneers as well as aesthetes."

The heart sinks as Cooper painstakingly expounds the tricks of the trade—the intricacies and conmanship of insider dealing, the rings and knockouts, part-share buying, and other dubious or positively illegal auction practices to which "the auctioneers turn a blind eye . . . because they wish to avoid any kind of public scandal in the art market which might threaten confidence and stability."

Experience has not led him unconditionally to admire the great auction houses with their "unbeatable combination of charm, ruthlessness, expertise and adventurousness." He describes the somewhat-illicit services a less-than-scrupulous auctioneer can offer dealers. He deplores the buyer's premium that can bring the auctioneers' commission up to 25 per cent, even while they "shelter under the storm-proof legal umbrella of function as agents rather than principals, which means that they are absolved from all legal obligations to the buyer despite the fact that they impose a buyer's premium defined by Customs and Excise as a service charge."

It is nowhere a pretty picture that Cooper's entertaining, informative and spiky book paints for us. By and large, though, he confirms that the unchanging and indispensable qualities that any collector needs to be safe and successful are the Taste to know what he wants, the Knowledge to judge what he is buying, and the Confidence to assess and pay the right price.

Giving thanks for small mercies

RUGBY

JOHN KITCHING

I ONCE played in a match against the Rowntree chocolate works at York. ("Don't worry, John, they've got two soft centres.") I mention this only because the sheer ineptitude and lack of direction displayed in the recent England-Romania international reminded me of that cold and miserable north country afternoon.

England will have to perform ten times better against France at Twickenham today if they are to have even a slim chance of winning.

I think it was Tony O'Reilly, the Ireland and British Isles player, who once said of an international: "There was less to this game than met the eye." That was certainly the case against Romania; England's supporters hope that it will not be the case today.

England's fickle selectors have, for once, stayed loyal to the team selected to play against Ireland two weeks ago, and therefore the pack continues to include a lock forward who sounds like the central character of a spaghetti Western, Wade Dooley of Preston Grasshoppers. Behind the scrum, there is a sprinkling of real talent.

There is pace on the wings in Underwood and Smith, and class in the centre in the rather frail form of Simms. England have a player who reads the game well in Andrew at fly-half, but he will not be given as much time by the fast and fierce French breakaways as he was against Romania or in his impressive appearance for Cambridge in last year's Varsity match.

How sad for England that Nigel Melville is again unable to appear at scrum-half. There will be many long faces in the Yorkshire market town of Otley over the fact that its second most famous product (first: Thomas Chippendale) is so dogged by injury. He has been hailed as the single-handed saviour of English rugby. That's improbable: but he could be a big help.

And why are England taking the field without Derek Boyd at full-back? His performance for the North against the Romanians at a sodden Birkenhead Park was an example to all. He is a far more consistent player than Chris Martin.

France, meanwhile, have the formidable Garuet back at tight-head for his first Five Nations match since being sent off against Ireland last year. It's a big, tough, French pack, and this season they might carry all before them.

Outside the scrum are the manifold talents of Sella, Esteve and Codorniou, with the excellent Blanco at full-back—a player who endeared himself to the Cardiff crowd recently with his performance for the Barbarians against the Australians.

France were unlucky to be Five Nations runners-up last year, and they will be all the more determined to regain the top position this time.

The team that might just topple them, Ireland, meet Scotland today at Murrayfield. Ireland are re-building, while Scotland are fresh from last year's Grand Slam — a feat they last accomplished in 1925, and are unlikely to do again this year.

Today's game is a potentially intriguing contest. It involves a largely untested Irish pack with the controversial choice, Dean, behind them at fly-half, and a Scottish scrum without the superb Paxton and Leslie, but with an exciting prospect behind them in the new cap Tukalo, a real flier on the left-wing.

The team not playing today, Wales, have now restored Terry Holmes to the scrum-half berth and the captaincy after his brief and inexplicable omission from the squad selection.

No one is expecting great things from this year's championship, and thus all small mercies will be gratefully received.

And let us also remember the Rowntree chocolate works team: I wonder what sort of a season they are having?

Butch Buchholtz's $7m dream

TENNIS

JOHN BARRATT

THE PHONE sat on the bare boards of an empty room. It was ringing. Butch Buchholtz thought about ignoring it. His move from Connecticut was all arranged. Even now the furniture was on its way to the new house in Florida, near the Arvida Corporation's Boca West Club where he would be staging the new Liptons Players Tournament.

Impatient to be off, he hesitated for a moment, then returned to the phone and lifted the receiver. It was the President of the Florida club. "Sorry Butch, but I'm afraid we are pulling out. Arvida has been bought by another company and they're not interested in holding the tournament."

The idea for a major new event, owned by the players, had been born in the early 1960s, those pre-open-tennis days when Buchholtz had been a member of Jack Kramer's professional troupe playing one night stands in drafty arenas all over America and Europe.

"I used to sit around with the boys dreaming of the day when we would own our own tour," recalls Buchholtz. It is often forgotten that men like Rod Laver and Ken Rosewall, the two Panchos, Gonzales and Segura, Mike Davies and Andres Gimeno, Lew Hoad and Tony Trabert held the professional game together in the days before the overdue arrival of open tennis in 1968.

It was between 1980 and 1983, as the executive director of the Association of Tennis Professionals (ATP) that Buchholtz put all the pieces together. "The women's association were behind the principle of a combined two-week tournament for men and women from the start," he remembers. "The date was the only problem. For various reasons we had to run in February or March and that was in the middle of their Virginia Slims indoor tour. But once we had agreed on early February they came in wholeheartedly. So too did the men's and women's councils — and even the four Grand Slam tournaments, which surprised me at first."

Thus, on Tuesday next at Lavers International Tennis Resort, 45 miles north of Miami and a mile from the ocean at Delray Beach will begin the first new two-week Championship for 128 men and the same number of women since the French championships went international in 1925 to join Wimbledon (1877), the United States (1881) and Australia (1905) as the world's principal tennis tournaments.

It is a brave venture; a lot of money and several reputations are at stake. The sponsors, Thomas J. Lipton Inc is committed to providing $1.5m a year for the next five years. According to Gerry Boycks, vice-president of the beverage division, his company will contribute a further $1.5m towards the $4m that will have been spent overall in 1984 to help promote the first year's tournament. In smaller measure several subsidiary sponsors will be involved including American Express, Adidas, Wilson, Molson, Ebel and Marchon Glass.

In addition the new owners of the club, a Denver-based group which bought it last year, has spent over $1m to improve the tennis facilities where there are now 45 courts. Rod Laver whose cousin, Ian, had been associated with the previous owners, has been brought in. Now Rod is actively promoting the event as is his old playing colleague Mike Davies in his role as the successor to Buchholtz as executive director of ATP.

Apart from John McEnroe and Jimmy Connors the men's field contains every player of note. The women's field, headed by Martina Navratilova and Chris Evert Lloyd could not be stronger. Pam Shriver alone is missing and she is resting. There is equal prize money ranging from $112,500 for each of the winners to $250 for second round losers in the qualifying competitions.

Antony Thorncroft on a Christie outpost

A king's shirt, an old cigar

TEN YEARS ago this wekend, life in South Kensington, London, became more exciting with the opening by Christies of its first satellite saleroom in the Old Brompton Road. For Christies, it was a good way of disposing of all those lower-priced objects, the small change of the expanding antiques trade, that were unprofitable time-wasters for their highly-trained experts in King Street, St James's.

For the inhabitants of South Kensington, it marked the start of a civilised leisure centre where interesting objects could be viewed, the odd collector's item bought, and the Saturday antique stall furnished. With luck, you might be invited to one of the parties in which Christies' staff, so more jolly than their big brothers in King Street, indulged.

In a decade, South Ken. has become an institution. The average price of a lot sold there is £130, so innumerable houses have been furnished from the weekly picture and furniture sales; innumerable hobbies built around the specialist collectible sales—old photographs, dolls, costumes, ephemera — were pioneered there; and innumerable part-time careers as an antique dealer, based on a little knowledge and the constant flow of items passing through the premises, were started.

In the ten years, almost 1.5m lots have gone under the auctioneers' gavels for a total value of £126m. Last year, Christie's at South Ken. had a turnover of £24m: It even made a decent profit.

But although its stock in trade is its regular, routine auctions of second-rate pictures and unfashionable furniture, old silver and second-hand jewels, its reputation has been built on its "stories." Just as its experts are more down-to-earth and light-hearted, so the items they sell seem aimed at the popular press and the pay-off joke of ITV's *News at Ten*.

It was South Ken that sold one of Sir Winston Churchill's cigars for £320, and the shirt King Charles I ware on the scaffold for £13,000. It disposed of the yellow submarine used at the premiere of the Beatles' film for £1,400, and the costumes of the D'Oyly Carte Company for £31,820; a dress worn by Marilyn Monroe in *Bus Stop* for £380, and the skin of a yeti (or it might have been a blue bear) for £1,200.

If yet another pair of Queen Victoria's bloomers appeared on the rostrum it was more than likely to be at South Ken, and it was the obvious place to dispose of the studio of artist Tom Keating—for £274,000.

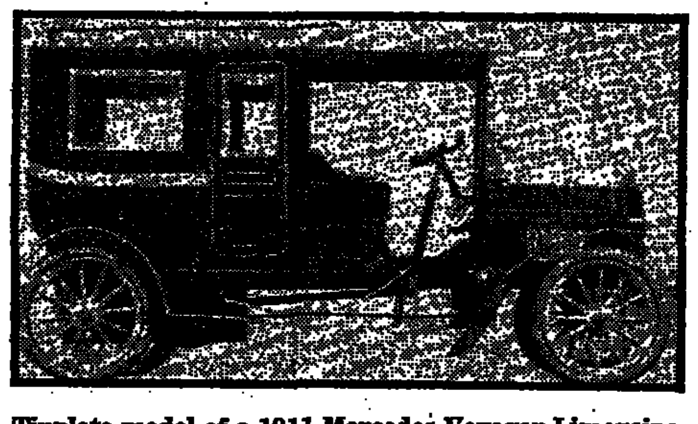
South Ken has had great success in developing specialist markets, notably photographs and costumes and textiles. For eight years it has at regular intervals been selling photographs from an album by the Victorian photographer, Roger Fenton, which has brought the owner £80,000 to date. Its costumes specialist, Susie Mayor, is the acknowledged authority in her area: She ensured that a 17th-century embroidered cap bought at a boot sale for £10 should make £2,700 at auction.

Although rooted firmly to its neighbourhood, South Ken has conceivably played the decisive role in making antique-collecting a national passion. In 1975, it sent a specialist to Hereford. He was to spend a week in the office of Knight Frank and Rutley and give valuation and sales advice to any person who might like to bring along a treasure. An hour after he set up shop, he was phoning South Ken for reinforcements: The first antiques roadshow was proving an embarrassing success.

In 1977, BBC Television filmed a South Ken roadshow at Tavistock and a very popular programme was launched—along with the myth that any old object mouldering in the attic was valuable. The experts disillusion many hundreds of hopeful owners for the one who actually is giving house room to an anonymous fortune.

Christies does make the occasional high price at South Ken; The saleroom has disposed of a Spitfire for £260,000 and a Hurricane for the same price. It holds the auction record, £85,000, for a painting by Krieghoff. But, in the main its sales are run-of-the-mill. It is for the trade, and for the owner of a work of humble art who wants to dispose of it within three weeks as opposed to nearer three months in the main salerooms.

Its viewings also are thronged with dealers looking out for a bargain—the odd masterpiece been known to slip through unnoticed. Indeed, in a short space of time, South Ken. has become an indispensable part of the British, and international, art market at its most human end.



Tinplate model of a 1911 Mercedes Voyager Limousine by Bing, 16½ in long — sold for £8,500

Where selling is taken as read

WINE

EDMUND PENNING-ROWSELL

WITH THE large-scale advance of the High Street chains into the wine market in Britain, the traditional, stock-holding wine merchants who remain have been placed in a different, and sometimes defensive, position. They cannot afford display space in the press and most of their business is done by mail order, which costs them about £4 a case.

Certainly, the *grandes surfaces*, as the French call the supermarkets, have high rental/rate charges as well as retail staff to pay; but then, stock-holding wine merchants with a substantial range have extensive cellars and offices with staff to run them and interest payments on vintage wines probably bought when very young and often kept for a considerable number of years.

It is on such vintage stocks that they score over the grocery chains, the best of which are pursuing the vintage wine market (and not without success). But they cannot afford to hold stock for any long period; what they bought and shipped yesterday has to be sold shortly.

Some of their vintage wines might be described as vintage by custom and courtesy only. This does not imply that such vintage-labelled wines as Muscadet, Beaujolais, Côtes-du-Rhône, Chianti or Liebfraumilch are anything but what they profess to be, but they are not fine wines that commonly call for keeping. For such, one must go to the conventional merchant, if only because few estates anywhere of quality have enough wines of a good year to sell to a supermarket of any size; and, in any case, they seldom would want to put all their produce into one pay-out basket.

On the other hand, there is scarcely a wine merchant who can live without selling a good quantity of what are termed "running wines" designed to be bought more or less off the peg and turned over quickly. This also includes a certain amount of champagne; but whisky, except for small quantities of malts, and liquers, are not what they were, for they sold in the duty-frees or at cut prices down the road. In recent years, however, the development of "opening offers" of the latest claret, burgundy and port vintages has helped the "in-and-out" part of the serious wine merchant's trade greatly.

How do they sell their stock and, at the same time, promote their image? First, of course, by buying interesting wines not to be found everywhere in the High Street, and then listing them in attractive informative catalogues once (or preferably twice) a year, assisted in some cases by special mailing to customers of selected wines.

In the past few years there has been a move into A4 format (8.27 ins by 11.59 ins) which can look very agreeable; but for wine list bedside reading, to which I personally am addicted, they are somewhat cumbersome. Corney and Barrow's tall, slim catalogue scores here, and so would Berry Bros and Rudd's vest-pocket size if only it included more information.

A comfortable format is A5 (5.83 ins by 8.27 ins) provided by such London firms as Alexander Findlater (NW8), Haynes, Hanson and Clark (SW6), Justerini and Brooks (SW1), O. W. Loeb (SW1), Tanners of Shrewsbury, Yapp Bros of Mere, and the Hungerford Wine Co of Hungerford.

The most informative of these is that from the new firm of Alexander Findlater, which has notes on every wine in its discriminating list. The others tend to rely on head notes relating either to the relevant wine region or to the various vintages, with occasional comments on particular wines listed below.

Justerini and Brooks list 37 1983 clarets and 53 1982s, while Tanners of Shrewsbury, a firm less in the carriage trade, devotes nine pages to claret. O. W. Loeb, more in the college rather than the carriage business, lists 10 pages of German wines. To choose effectively from such wide ranges calls for more than the requisite cash: in fact, some reading.

Nevertheless, it is the well-annotated lists that are the most appealig and, presumably, the most paying in the long run, and the large-format ones often ... Shepherds Bush, London W12, issues a club list in which every wine carries an accompanying note, and this his nearly the same with the recent catalogue of Eldridge Pope of Dorchester.

Two firms that have led the way with attractive as well as interesting A4 lists are Adnams of Southwold and Lay and Wheeler of Colchester. The former appears only once a year, in the spring, and is highly personal in style: Simon Loftus, who writes it, obviously likes the growers with whom he deals.

Lay and Wheeler rely more on their wide range and vintage notes, all very attractively presented, though it takes an active member of Mensa to work out their three columns of price variations.

Harrods, whose typewriter-type wine lists used to be unworthy of them, have solved their problem by sub-contracting the job to Decanter magazine, which does a good editorial job, but also includes advertisements that rather diminish what might be called its amateur status.

Averys of Bristol's somewhat lacklustre list underplays the quality of their wines, especially the red and white burgundies in which they specialise. But other large-format lists that deserve commendation for their editorial content include Ellis, Son and Vidler of Lewes and SW1, Laytons (NW1) and Joseph Berkmann's New Rouge Club (N7).

Smaller in size and presented as a landscape-shape book is Harvey's of Bristol's catalogue: Perhaps a little over-designed, with the wines taking second place to the art. Henry Townsend, now of Beaconsfield, produces a restrained list for the *cognoscenti*, with head notes only and a Peter de Hooch cover of wine drinkers (presumably consuming white bordeaux, still a Dutch tipple).

Because the ample notes all are written in the first person, but without egotism, and the 84-page list is comprehensive, the annual catalogue of Corney and Barrow (EC1) carries particular credibility, and thus inspires confidence.

● The impact of the dollar-sterling exchange rate was very evident on Thursday at Christies' all-day wine sale, devoted largely to top clarets and vintage ports. Americans and buyers on American account bought many of therarest wines

Among older vintages, the renowned Latour '29 made £4,200 a dozen, with Lafite '29 at £1,800. The '45s were well represented, with Mouton Rothschild £4,400. Lafite at £3,400, Latour at £3,300 and Ch. Margaux at £3,100. A single magnum of the exceptional Cheval-Blanc '47 reached £900, with six magnums of Mouton Rothschild '49 going for £5,200. Another six magnums of its '59 vintage were knocked down for £2,100, and Lafite '59 sold at £2,300.

New top prices were reached for Lafite '61 (£3,200) and Palmer '61 (£2,300 for 11 bottles). Las Mission Haut-Brion made £1,000 for six bottles, and dozens of Cos d'Estournel '61 and Leoville-Las-Cases '61 brought £640 apiece.

Petrus is so much sought by American buyers that their prices cannot be compared with other top-class clarets and must be recorded separately. A case of '47 went up to £5,400; and other vintages, with the prices in brackets, were: '49 (£460 for one bottle), '53 (£3,600 a dozen), '55 (£2,400), '64 (£1,750) and '70 (£240 for one bottle).

Swords mightier than the pen

BOOKS

WILLIAM ST. CLAIR

THE LAWS of libel in this country today are generally thought to be on the strict side. Editors seek legal advice before printing the softest of aspersions, and subeditors remove our best jokes just to be safe. hen in 1959 Cassandra in the *Daily Mirror* used some rather strong words about Liberace, the paper had to pay up £8,000 in those days a lot of money.

But, although the risks to reviewers remain considerable, they are not as high as they were in the days when justice in such matters was privatised. Until whell into the 19th century a literary journalist who caused offence was liable to find himself challenged to fight a duel.

In 1806 Thomas Moore called out Francis Jeffrey of the *Edinburgh Review* for some remarks he had offered on the quality of his poetry. While the seconds got the weapons ready, both men began to feel rising doubts on whether fighting was the best way to resolve their critical differences, and they were quite relieved when the police arrived and carted them both off to Bow Street.

But when Lord Byron made a mocking reference to the incident in *English Bards and Scotch Reviewers*, Moore felt obliged to send him a challenge. That affair was only settled by a fudged formula and the two poets then became close friends.

The reviewers of *Blackwoods* conducted an unremitting anonymous campaign against what they called the Cockney poets. Lockhard, writing as Z, said of Leigh Hunt: "With him indecency is a disease," but he declined to admit responsibility in case this should lead to a challenge.

John Keats, who had been trained as an apothecary, was advised by Z to go back to his diuretics. He was "only a boy of pretty abilities which he has done everything in his power to spoil." Keats decided to offer a challenge to a duel if he should ever meet his critic at the theatre or in the street, and purchased a copy of *Fencing Familiarised*.

Shelley said in a letter to Southey that he would come back from Italy to fight him if Southey admitted authorship of an especially unfavourable review. Without the custom of ... lish romantic poets would have been even briefer than they were.

When the Honourable Grantley Berkeley, MP, read the review of his first novel *Berkeley Castle* in *Fraser's* he went straight round to the editor's office to demand the name of the reviewer. When the editor declined, the angry author proceeded to horsewhip him while his brother, the Honourable Craven Berkeley, stood cravenly by and kept a look out.

The novel is a long and boring panegyric on the honour of the Berkeley family. The review justly described it as trash, stupid, ignorant, vulgar and contemptible. But although Maginn, the reviewer, declined in his article to go on—as he said—breaking the cockroach on the wheel, he felt obliged to answer Berkeley's challenge, and at the duel he was wounded by his opponent's third bullet.

John Scott, editor of the *London Magazine*, was less fortunate. He called out a man called Christie who had accused him of leading a series of literary attacks and counter-attacks on Sir Walter Scott and Lockhart, and agreed to meet his opponent at night in Primrose Hill Fields.

As usual, the seconds ran about like Acas between the parties trying to stagemanage a bloodless confrontation, but it was risky to fire in the air unless you were quite sure that your opponent would also aim astray. As Christie knelt over the journalist whom he had mortally wounded with his second shot, he was heard to declare that he wished their situations were reversed.

It is a curious notion that a gentleman can protect his honour as if it were a piece of personal property, by shooting those who encroach on it as if they were poaching the pheasants or rabbits. As philosophers since Aristotle have pointed out, honour is something which is bestowed on those who deserve it, and it cannot therefore be an objective of conduct in its own right.

If other people are foolish ... when it is due, that is a matter for them, and their frequent mistakes cannot detract from the real virtue of my life.

Furthermore, since it was considered dishonourable to refuse a challenge, the code gave the decision on what matters were justifiable by violence to the challenger, and he was best placed to guess the outcome. The Irish nobleman, "Fighting" Fitzgerald, who killed 18 men in duels, was elected to Brooks because no member would risk voting against him for fear of being the 19th.

Nevertheless the courts took a lenient view of killings which resulted from duels, and there were plenty of people to defend and even extol the institution. Dr Johnson (who has always been loved as much for his nonsense as for his wisdom) declared that if public wars are consistent with Christian morality, private war must be equally so. "No, sir," he declared robustly to Boswell, "a man may shed the blood of a man who invades his character as he may shoot him who attempts to break into his house."

Passages from Johnson's conversations were quoted with great effect by Francis Jeffrey, himself among the most virulent of the Scotch reviewers, in his speech for the defence at the trial of James Stuart in 1822, and they helped to secure Stuart's acquittal.

Sir Alexander Boswell, the son of the biographer, and himself also a fearless Scotch reviewer, had been conducting an anonymous personal campaign against Stuart in his newspaper. When Stuart applied for a court injunction, he was refused, but when the printer officiously leaked him the name of his antagonist, he felt obliged to issue a challenge. In the duel which followed both men fired together, and Sir Alexander Boswell was killed.

Judges who refused injunctions claimed to be concerned to protect the freedom of the press. But for disputants shivering in the cold grey dawn as the seconds tested the weapons and the surgeons unpacked the scalpels, it was rather late to start reconsidering whether the pen is indeed

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Misleadingly like old times

THE GOVERNMENT may still be able to make mincemeat of its perliamentary opposition; but in the last week it has been forced to yield to its critics in the financial markets. After an old-fashioned sterling crisis, we face a distinctly old-fashioned prospect: high interest rates. Since low interest rates have been a fundamental aim of government policy ever since Sir Geoffrey Howe explained that lower rates would take the sting out of his 1981 Budget, this is a major strategic reverse, and has left Mr Nigel Lawson, in particular, looking distinctly deflated while he talks of deflation. His chastened mood was shown in the evident official reluctance to follow the mid-week fall in money market interest rates. The other markets have now caught this mood, and look pretty chastened too.

Nerve

Whether this proves to be a major setback, or simply a very messy course correction, will depend largely on how quickly the Chancellor can recover his nerve. It is Mr Lawson's misfortune that when he is feeling self-confident, he appears somewhat arrogant. There was a distinctly sadistic streak in some City comments during the crisis—phrases like "We've got them on the run," which have hardly been heard since Mr Denis Healey won his spurs. Borrowers will pay and savers will benefit from Mr Lawson's personal unpopularity for many months to come; but this is unlikely to matter very much if he can resume command before too long.

Over-valuation

It is necessary to go back a little to understand just what has happened. It was in 1981 that sterling started its long fall from the absurd over-valuation it had reached in 1980. Like any downward movement, it was always in danger of getting out of hand, and within six months of his rate-cutting Budget Sir Geoffrey felt it necessary to raise rates again to control the slide. Thereafter, they came down gingerly step by steps.

If you look only at interest rates, you might think history is repeating itself; but if you look at the wider view, the scene is hardly recognisable. Three years ago, the pound was still over-valued, our manufacturing trade balance was beginning its huge deterioration, and the U.S. was just beginning to emerge from a deep recession. Now sterling is realistically valued, to judge by the strong recovery in exports and orders, and the U.S. economy is clearly slowing down after a record-breaking recovery. The corporate scene has changed equally dramatically. In 1981 industry was struggling to survive. Now, it is enjoying quite encouraging growth, sharply higher profits, and a remarkable financial surplus, reflected in an equity boom.

For all these reasons, a period of high interest rates is a much less worrying prospect than it was in 1981. The Government has simply been forced, by bad luck and clumsy management, into a correction which would in any case have been needed to stabilise the currency and blow the froth off the financial markets. If things can be stabilised pretty much where they are, the outlook is still encouraging.

Tax increases

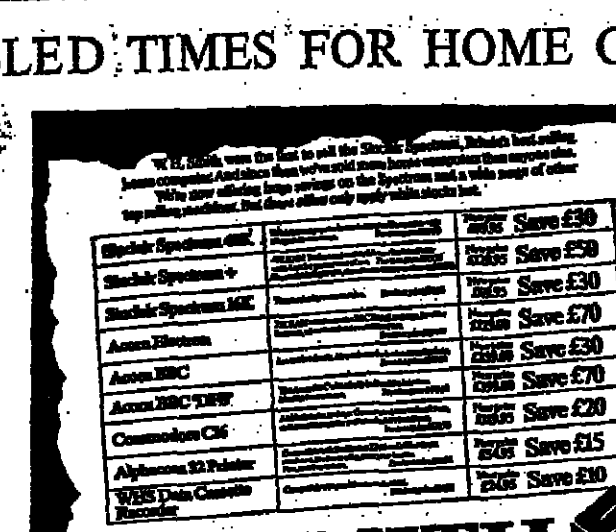
After all, not even high interest rates and an over-valued exchange rate have prevented a very strong recovery in the U.S., mainly in the service sector, with a strong rise in employment. Growing demand has encouraged high investment despite the high cost of capital. In this country a combination of high real interest rates and a competitively valued exchange rate could also provide a background for strong recovery and job creation, but with a different bias: manufacturing and exports will play a much bigger role. Job creation is actually encouraged by high interest rates, for they make it expensive to substitute capital for labour. Investment will respond to market opportunity rather than to high labour costs.

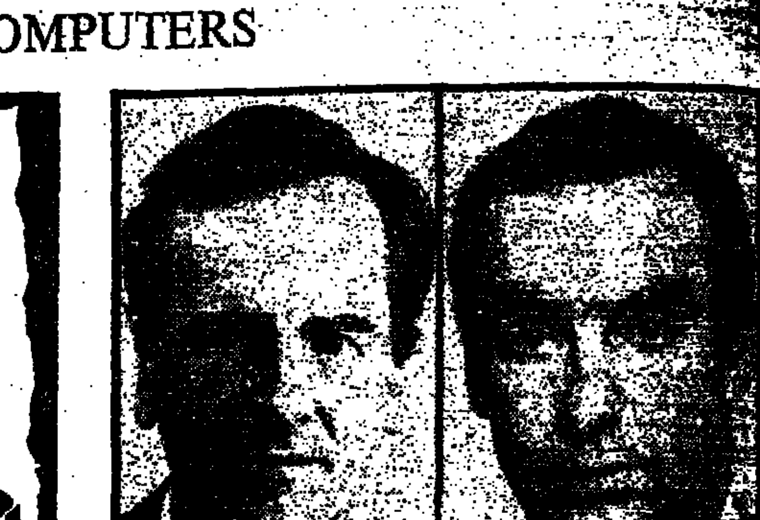
But can the Government realise that it has blundered into rather an appropriate mix of policies and leave well alone? The political temptation to confound its critics by forcing sterling up again, by mounting a successful squeeze on public spending regardless of the consequences, and of a mixture of covert tax increases (via water, for example) and over-hasty privatisation, to Nt some arbitrary borrowing target is clearly there. It is dangerous.

Fixation

The Government should not be so touchy, or so fixated on targets. There are only three numbers which interest the voters, or the more sensible government critics: inflation, employment and growth. On all three the present blend of incentives, together with the imminent defeat of the coalfield militants, is about as positive as any time since Mrs Thatcher took office. It is to be hoped that a minor humiliation over oil price speculation will not get us a hairshirt government all over again.

TROUBLED TIMES FOR HOME COMPUTERS





Personalities and problems: (left to right) Alan Sugar of Amstrad, Sir Clive Sinclair, John Sculley of Apple and Chris Curry of Acorn—and (centre) where the price cuts have bitten

Looking beyond the shake-up

By Jason Crisp in London and Louise Kehoe in California

A BITTER wind is blowing through the world's home computer industry. The year has started with a flurry of casualties and there is every sign that a price war has begun on both sides of the Antlantic.

This once brash and confident industry is now nervous and uncertain. No one seems to know what 1985 will bring . . . other than trouble. "There are too many manufacturers with too many machines chasing too small a market and they are probably not the products people want," says Mr John Rowland, computer buyer at W. H. Smith one of Britain's leading outlets for home computers.

But the home computer is not to be written off as an amusing phenomenon on a par with skateboards. Rather the questions which worry the industry include what sort of computers people will buy, which few companies will survive and whether the Japanese threat will ever materialise.

And although the two leading markets—Britain and the U.S.—face a difficult time, the rest of the world is just beginning to discover home computing. Sales in West Germany, France, Italy and Spain rose sharply last year. Even so only 600,000 home computers were sold in West Germany in 1984 according to market analysts Diebold, compared to an estimated 1.8m in the UK.

Moreover, as the general interest in using computers to play games wanes fast, the industry is currently scrabbling to produce more expensive and more sophisticated machines. Now everyone is talking about selling "functions" on their computers such as word processing.

In the slightly longer term the industry still has high hopes the home computer will become accepted as an all-purpose household item. Companies are developing a wide variety of new applications for computers—from terminals for electronic banking and shopping to controlling the electrical devices around the home.

Another popular idea is to store reference works and encyclopaedias on compact discs with the information being rapidly retrieved by the computer. Eventually the computers and interactive video discs will transform the educational and games markets and allow the storage of vast amounts of information.

Such applications are probably at least two years away according to John Sculley, chief executive at Apple. However, they are areas where the Japanese intend to try particularly hard to make an impact. They have already shown computers linked closely to video and hi-fi equipment. So far the direct Japanese presence in home computers has been a flop although Japanese companies have had considerable success with peripheral equipment such as printers and disc drives. Some Westerners fear that from now on, Japanese skills with the peripheral equipment and traditional consumer electronics products such as TVs and compact disc may give them an advantage over companies which start only with the computer technology.

Right now the industry is far more worried about who will survive the latest price war. In 1983 a similar battle in the U.S. resulted in Texas Instruments and Timex withdrawing from the market with huge losses.

The implications of any shake-out spread far beyond the well-known names making the computers like Sinclair, Commodore, Atari and Acorn. It will also affect the myriad of software companies, retailers, distributors, magazine publishers and manufacturers of peripherals like monitors and printers which form an equally important part of the industry.

UK market is dividing into two streams

It is already clear in the U.S. and UK — which are both well ahead of the rest of the world — that the market is dividing into two clear streams. In one are the cheap "toy" game-playing computers from Commodore, Sinclair and Atari costing about $120 in the U.S. and around £130 in Britain. This stream is in the front-line in the price war and the latest casualty is Coleco in the U.S. which has just withdrawn from the market to concentrate on products like its Cabbage Patch Doll.

The other stream is wider, less easily defined and is the one with the most attractions. Increasingly, the machines in it have more in common with the personal computers used in business. A number of new and impressive products are scheduled to appear later this year and that will probably mean fierce price-cutting in this sector too. Included in this stream are everything from existing products like IBM's PC junior and Apple II computers in the U.S. costing around $1,000 to Acorn's BBC Micro and Sinclair's QL in Britain at about £400. Britain's increasingly successful ACT is on the fringe of this group with the bottom end of its Apricot range.

Many of these home and educational computers are already used in small businesses. Increasingly they will have disc drives for programs and data storage which are much quicker and better than the audio cassettes used with cheap home computers. It means they can be used as proper word processors and for serious financial analysis.

Atari and Commodore of the U.S. have both promised new low cost computers for later this year which are claimed to rival Apple's Macintosh computer, a powerful and expensive machine largely aimed at business with a very strong emphasis on its ease of use. In Britain, for example, Amstrad, a recent and very successful entrant into the home computer market which buys many of its components from the Far East, is to launch four more powerful machines this year which include low-cost disc drives.

Mr Alan Sugar, chief executive of Amstrad says that demand is very strong in overseas markets. "The only country we are concerned about is the UK because the doom and gloom is making the dealers nervous. Computers are not like CB radio, a market which stopped as if someone had turend off a light switch."

The move towards these types of machines represents a significant change in the market-place. "The home computer is on the verg of a new beginning," says Jan Lewis, an analyst at Infocorp of Cupertino, California. Until now, she believes, buyers have been motivated by fear and guilt. "They wanted to learn about computers because they felt they should keep up. They were afraid their children would be illiterate if they did not. Now people want computers that will do something useful."

Sir Clive Sinclair believes, the largest volume of computers will still be sold to people who play games. "That will gradually change and there will be a rising demand for functional uses like word processing," he says.

'On the verge of a new beginning'

Sir Clive, who was largely responsible for stimulating the British love of home computing, thinks the next major development will be in truly portable computers used for business and home. Next year Sinclair Research is expected to launch a portable computer using a low-powered flat screen television. "I don't think it will be long before every schoolchild goes to school with a portable computer," says Sir Clive who remains unperturbed by the current gloom surrounding the industry.

RUMOURS, REDUNDANCIES AND RECEIVERSHIPS

SO FAR this year the news from the home computer industry has been bleak. There is no doubt that the lower end—or games playing—part of the market is going through a particularly tough time.

Commodore in the U.S. has just reported lower revenues and plummetting profits while inventories have soared because of weak sales in the U.S. before Christmas.

Atari, taken over last year by Mr Jack Tramiel, the former president of Commodore, has had major problems even getting retailers in the U.S. to stock its products.

In Britain, the domestic suppliers have started their own price war. Last week Sinclair cut the price of its main product, the Spectrum Plus by £50 to £129. The next day Acorn cut £70 off the £200 Electron which had not sold well before Christmas, prompting speculation that it was disposing of its stocks of this machine at a loss.

This week Prism, a major British distributor of Sinclair computers, and Oric, a small micro supplier, both went into receivership. Some of the smaller home computer magazines have closed or have been making staff redundant and a number of software companies are expected to fold now the Christmas boom is over and revenues begin to dry up.

Rumours are rife that Atari, which first slashed its prices in November, is about to cut them again and offload stocks on the European market, particularly the UK. But Sir Clive Sinclair, founder of Sinclair Research said yesterday: "Atari does not worry us. We don't think they have the stocks and even if they do they won't sell."

Mr Chris Curry, founder and managing director of Acorn, warns: "The popular games playing market has become a very uncomfortable place to be. Price competition will be horrific. It is not a market we want to be in for very long."

But price problems are appearing for the more expensive machines too. IBM offered substantial rebates on the slow-moving PC Junior — a version of its highly successful business Personal Computer — in October which brought the price to below $1,000 with dramatic effect in the U.S. market. Mr John Sculley, chief executive of Apple accuses IBM of "solving its inventory problems at the expense of disrupting the entire personal computer distribution channel."

It has meant that already hard-pressed dealers in the U.S. have had to discount Apple and othre computers to match IBM. The rebates were scheduled to end yesterday but it is still not clear whether the price will go back up.

Apple, which despite its present efforts to break into the business market is essentially in the education and high end of the home market, faces an uncomfortable squeeze this year. On one hand IBM is applying pressure at the top with the PC Junior while at the other Commodore and Atari are threatening to produce a powerful new machine at between $500 and $1,000.

One relief for both U.S. and European suppliers has been the failure of the Japanese companies with the MSX home computers which share common software and peripherals. MSX is backed by over a dozen leading consumer electronics groups but has captured less than half the relatively small Japanese home computer market. MSX machines failed miserably in the UK before Christmas and at the recent consumer electronics show in Las Vegas were declared "Dead on Arrival" by most U.S. commentators.

Letters to the Editor

Help for the low paid

From the Director, Child Poverty Action Group.

Sir, — Samuel Brittan's analysis (January 24) of the cost-ineffectiveness of raising tax thresholds as a means of helping the poor is welcome and his ideas for applying a form of claw back to an increase in thresholds so as to reduce their value to the better off deserves serious consideration. He omits from his discussion however a crucial element of tax-free income for the working poor and their dependents, the great majority of whom live in families with children, namely child benefit.

As Mr Brittan has argued in the past, public accounting conventions should not blind us to the fact that child benefit replaced child tax allowances and still performs a similar function to tax allowances. This group, in its pre-Budget memorandum to the Chancellor, demonstrated how, if £1.5bn were spent on raising either tax thresholds or child benefit, the latter would be much more effective in concentrating help on low paid families.

Similarly we would argue that a system of transferable tax allowances, as advocated by Mr Brittan, is too blunt and expensive a policy instrument to concentrate help where it is most needed. Instead, the money saved by phasing out the married man's tax allowance could be used to double child benefit. As Mr Brittan has noted in the past, such an increase in child benefit would then "be financed by married couples without dependent children who are better able to face a higher tax burden than almost any other group." Moreover, a transferable tax allowance would not, as he suggests, be equivalent to a home responsibility allowance, at least for the person actually carrying out the home responsibilities, in that the former would benefit the wage-earner while the latter would directly benefit the career, usually still the woman. This is another reason for favouring an increase in child benefit which would put money directly into the hands of the person with day to day responsibility for child care.

Ruth Lister,
1, Macklin Street,
WC2.

Samuel Brittan writes:

I still favour higher child benefits, preferably taxable. My article simply discussed the best way to raise tax allowances, assuming—not advocating—a political decision to go along that road.

The merits of sponsorship

From the chairman, The Simmons Consultancy.

Sir,—As Antony Thorncroft points out (January 26) the National Maritime Museum is the richer by £360,000 through admission-charge income, and this will pay, inter alia, for essential marketing—which is likely to attract even more new revenue.

Most people appreciate and are attracted by something they pay for: if the attraction is not worthy of a price, can it be worth seeing?

The lack of funds for the arts is a valuable and attractive opportunity for business sponsor's prestige, and it is not unlikely in future years that if an important future event is seen not to be sponsored, its potential public will think it doesn't deserve to be seen.

John Simmons.
3, Bateman Street, W1.

Levy on blank tapes

From Mr B. Rigby

Sir,— The detail in your leading article (January 25) already belies the simplicity of your headline and demonstrates that the justification and practicality of a tape levy is far from proven.

Consumer product taxes represent a cumbersome and inefficient method of re-distribution of income. In this case £90m of consumer sales could clearly only yield a limited sum compared to that which the record industry claims it has lost.

Technological advance has made it easy for people who have never heard of copyright to be technically in breach. A tape levy would impose a tax on all tape users whether they infringe copyright or not. The money raised would not go to help struggling artists as you suggest. The bulk would be received by those whose work is most frequently performed anyway. It cannot therefore be either equitable or charitable.

The Government should stick to its original conviction.

Bryan Rigby.
61 Penn Road, Beaconsfield, Bucks.

Future for the BBC

From Mr B. Belcher

Sir,—Having just read Malcolm Rutherford's article on the BBC's "resource problem" (January 11) I can only endorse his concern about declining standards in the future. In South Africa, the standard of TV is so poor that, for many, the purchase of a set is only viable if a video cassette player is bought as well.

While I concur that a rise in the BBC licence fee from £46 to £65 is a significant increase, the alternative, in the years ahead, of packaged soap operas from the U.S., a poor news service, and an almost total lack of good quality locally-produced programmes is too dreadful to contemplate.

The Home Secretary should sanction the fee increase, as requested and allow the British viewer to continue to enjoy the best broadcasting in the world.

Brian Belcher.
46, Stevens Road, Blairgowrie, 2194, Johannesburg, South Africa.
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Mobile radio services

From the Managing Director, Databit

Sir,—I recently asked for a demonstration and quotation for a mobile radio telephone to be installed in my motor car.

The salesman who arrived set out to demonstrate his radio phone in my car park. After several attempts we finally succeeded in making an outbound call. In reply to my questions he indicated that it would not be possible to make such a call on the move, nor would it be possible to receive an inbound call either stationary or on the move.

When I inquired why, he stated that it had for some time been British Telecom policy to treat Northampton as a fringe area, and no transmitters were installed in the area to provide adequate and reliable service.

He then suggested that with the advent of cellular radio I would probably be better off to wait until that service became operational.

Recent inquiries of British Telecom Cellnet have indicated that its plans for the provision of cellular radio in the Northampton area are not very far advanced, and no exact time-scale can be given.

When one considers that the businessman and the taxpayer ought to be treated in exactly the same way in Northampton as theyl are in, say, Birmingham, one is somewhat disturbed by the arbitrary policy to relegate the Northampton business and telecommunications community to the role of second-class citizens.

I wonder whether British Telecom Cellnet could review its plans and give us some assurance that it will not arbitrarily unduly delay the extension of the service to the Northamptonshire area.

It might be worth saying in passing that the Northampton Development Corporation, now disbanded, which did such a good job in attracting business to Northampton, might have taken a rather jaundiced view of British Telecom's policy in this matter, given that it could have significant influence on the future decisions of businessmen to open factories in the Northampton area.

Harry Fuchs.
30, Lyveden Road, Brackmills Industrial Estaate, Northampton.

Get rid of the older staff

From Mr A. Smallbone

Sir,—Mr Craddock (January 23) refers to promises seemingly made to pensions scheme members, but does not mention that all too often these "promises" turn out to be virtually worthless, and that it pays employers very handsomely to area of inflation.

Legal and General Assurance Society in its evidence on "portable pensions" has, correctly, stated: "The underlying funding rates for existing final salary schemes increase with age. Thus the annual cost for an older employee is significantly greater than for a younger employee. . . ."

It must be true therefore that, speaking strictly in prospective pensions-costs savings terms, it may make good economic sense: (a) to discharge older rather than younger staff; (b) to discharge longer-serving staff first; (c) to discharge those falling into both categories, above all.

Almost everyone has reached his ceiling of achievement by 50, but those who continue in employment, even if they receive no wage increases in real terms, become an increasing pensions-cost burden to their employers.

The remedy is to find a reason for declaring them redundant, describe them as "early leavers" and so make more money available for other purposes, like paying increased dividends. Pensions experts rarely mention this, but it is indeed so.

Alan Smallbone.
30 Temple Fortune Lane, NW11.

Printing overseas

From the Commercial Director, British Printing Industries Federation

Sir,—I am astonished that Michael Prowse (January 28) considers that to impose VAT on books, newspapers and periodicals would secure "the advantages of fiscal neutrality." Such is far from the case. A high proportion of periodicals are sold on subscription and distributed by post, and book clubs also distribute by post.

VAT regulations provide that no VAT is collected on items imported by post provided that the consignment has a value of £6 or less — a limit which would cover all periodicals known to us and many books. Publishers who use the mails as a medium of distribution could (and some have informed us that they would) escape VAT by the simple expedient of printing and distributing from overseas.

In addition, a high proportion of newspapers and periodicals are sold from newsstands by traders who are exempt from VAT. The tax would, therefore, be levied only on the wholesale price whereas newspapers and periodicals sold by registered traders would attract VAT on the retail price.

A system under which similar items should be taxed on different bases according to the point of distribution can hardly be described as fiscal neutrality nor is it advantageous for imports to attract less tax than home produced goods.

Stuart A. Henderson.
11, Bedford Row, WC1

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bank	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hong Kong & Shanghai	14 %
Henry Ansbacher	14 %	Johnson Matthey Bkrs.	14 %
Armco Trust Ltd.	14½%	Knowsley & Co. Ltd.	14½%
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
Bank Hapoalim	14 %	Meghraj & Sons Ltd.	14 %
BCCI	14 %	Midland Bank	14 %
Bank of Ireland	14 %	■ Morgan Grenfell	14 %
Bank of Cyprus	14 %	Mount Credit Corp. Ltd.	14 %
Bank of India	14 %	National Bk. of Kuwait	14 %
Bank of Scotland	14 %	National Girobank	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Barclays Bank	14 %	Norwich Gen. Tst.	14 %
Beneficial Trust Ltd.	15 %	People's Tst & Sv. Ltd	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm'nt Trust	14 %	Roxburghe Guarantee	14½%
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	13 %	Royal Trust Co. Canada	14 %
■ Charterhouse Japhet	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	‡12½%	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75% £10,000 12 months 12.00%
† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12½%.
‡ Call deposits £1,000 and over 11%.
21-day deposits over £1,000 12½%.
§ Mortgage base rate.
‖ Demand deposits 11%.
** See Provincial Trust Ltd.

UK directors' lifestyles

How to get by on £25,000 a year . . .

By Robin Pauley

"As a director, you get £40,000, expense account, school fees, a Mercedes—now you want us to pay your water rates as well"

ON ANY weekday in Britain's big cities you can spot any number of people fitting the stereotyped image of a successful company director—clean cut, clean car, neat haircut, neat Scotch before lunch.

But how do the men—who discuss profit and loss accounts, the air-conditioning in their limousines and the problems of getting to the country in time for dinner on a Friday evening—really live?

Scrutiny of publications like the Institute of Directors' analysis of directors' rewards and Social Trends shows that while they clearly enjoy an enhanced material life-style, they live up to it and, without pay increases above the inflation rate, many would not be able to sustain it.

Take three directors with different living standards. One has a four-bedroom detached house with a 65 per cent mortgage. He pays rates, eats 129 meals out a year, has a 1500 cc private car, a telephone and gas central heating. To maintain this standard, allowing for direct and indirect tax charges, he needs £19,945 a year.

The second has a bigger four-bedroom, three-reception-roomed detached house with a 61 per cent mortgage, pays rates and eats 184 meals out. He has a 2000 cc private car, telephone, belongs to a golf club, has domestic help for 104 hours, pays day school fees and has gas central heating. He needs £33,550 a year.

The third has a five- or six-bedroomed detached house with three reception rooms and a large garden on a 58 per cent mortgage. He pays rates, eats 250 meals out, has a 2500 cc private car, telephone, golf club, domestic help for 182 hours, pays day school fees and has gas central heating. He needs £51,749 to keep it all going.

All three have in common that the required income in each case is 8 per cent higher than a year ago, compared with inflation being around 5 per cent higher.

Some, of course, do not live at this standard and some live far in excess of it. But it may be that some directors have to spend as much time worrying about their monthly outgoings as manual workers on below average earnings.

The median basic salary for all fully-executive directors is £22,500 according to the IOD survey, rising to a total remuneration of £25,000. These figures rise to £42,000 and £49,541 for the top 10 per cent of all fully-executive directors, still short of the necessary income to fund the third lifestyle.

However, total remuneration excludes the directors' perks such as cars, pensions, medical insurance and the like. Of directors who get company cars some 60 per cent have a car of 2000cc or more. Jaguars and Daimlers remain the most common car for chairmen and managing directors although taking all directors together, Rover heads the list followed by Ford Granada and then Jaguar/Daimler. The old "British only" policy for company cars is dying and the next three places are taken by foreign cars—BMW, Mercedes and Volvo.

What other perks do directors get? About 70 per cent get free private mileage, 27 per cent are eligible for share option schemes, 90 per cent receive bonus payments based on the company's performance but only 5 per cent have these payments linked to their individual performance, 82 per cent have life insurance provided by the company. The average annual contribution to a pension scheme for directors is £6,411 (£9,415 for chairmen).

However, the impression that all businessmen earn a fortune, with or without their perks, is erroneous. Only 25 per cent of all businessmen earn more than £25,250 gross—the currently commonly-accepted threshold for "high" earnings—and only 50 per cent of all board directors earn more than this amount.

What should high-flyers be earning by the time they are 30 if they are on the fast track to top jobs with main board seats and salaries? The evidence here is of an enormous disparity between London and the rest of the country.

Generally, industrial high-flyers should be aiming for £16,000 a year in the regions, £20,000 in Edinburgh and Aberdeen (where the North Sea oil industry has boosted salaries), £22,000 in the prosperous and expensive south-east and £26,000 in London. Within sectors, these figures go even higher; a 30-year-old on the fast track in London in computer and telecommunications should be going for a £26,000 salary and in the financial sector £27,500.

And what could the high-flyer expect to earn by the age of, say, 50 if he is fast-tracking in the public sector? An MP earns £16,904, a Cabinet minister £42,980, a Civil Service under-secretary, a rear-admiral and a major-general earn £29,500, a circuit judge £33,000 and a high court judge £51,000.

Assuming the fast-tracker stays in business, other statistics show how the lifestyle might develop outside the office and the company car. The theory of the wife or husband behind the successful partner seems to be right: the divorce rate of 10 per cent between 30 and 39 and 7 per cent between 40 and 49 is about half the national divorce rate. More than three years will elapse after marriage before the first child is born compared with under two years for unskilled manual workers.

Once on the fast track, the potential director is less likely to experience unemployment. Only 6 per cent of professional and managerial classes have experienced unemployment in the last 12 months, compared with 32 per cent of semi-skilled and unskilled manual workers.

As people within the top 10 per cent of the country's earners, directors and fast-trackers in the £20,000-plus bracket pay 24 per cent of their earnings in income tax although in the top 1 per cent tax paid as a percentage of pre-tax income rises to above one-third.

Despite the stress, the professional classes have the lowest proportion of smokers—only 20 per cent of men and 21 per cent of women against 49 per cent of unskilled male manual workers and 41 per cent of unskilled women, the latter being the only socio-economic category of either sex in which smoking is not declining.

Women at the top appear to be slightly more careful with their money. A few of the men bet and more than 10 per cent do the football pools but none (statistically) play bingo. No women show up in any of these pursuits.

There is, of course, another side to the earnings of directors, no matter how hard pressed they are on their commitments. The majority of people never get near the fast track and work as employees on average earnings or below, without cars and company benefits. Average earnings are just over £9,000 a year before tax. A worker on average earnings pays about a quarter of the earnings in tax, declining to about 18 per cent if he is married with two children.

In the wake of Oxford's rebuke . . .

Mrs Thatcher's trouble at the 'chalk-face'

By Michael Dixon, Education Correspondent

THE normal reluctance of academics to agree about anything ads weight to the 738 to 319 votes majority by which Oxford University dons this week denied the Prime Minister an honorary degree. But the overwhelming 70 per cent rejection only partly measures their resentment of Mrs Thatcher's policies.

The best gauge is probably to compare the dons' complaint against her—that the Government is damaging the education service—with their reason for rejecting the late President Bhutto of Pakistan in 1975. (This is the only other time in memory when they rebelled against a proposal to make such an award.) The reason then was that Mr Bhutto was alleged to have had a part in massacres in what is now Bangladesh.

Mrs Thatcher's response to Oxford's weighty rebuke was tart, with an air of a middle-class mother reproving a spoilt child. If the university did not wish to confer the honour, she declared, "I am the last person who would wish to receive it." She clearly does not agree that she and her Cabinet including Sir Keith Joseph, the Education Secretary, are damaging the service.

In view of her esteem for numerical indicators, she might point to the half dozen measures in the accompanying table as evidence that she has done fairly well for education. 1969-70 was the year before she first took Cabinet office as Education Secretary, 1973-74 the period before she stepped down with Mr Heath's electoral defeat. 1978-79 was the year before she took over as Prime Minister, and 1982-83 the latest year for which the Department of Education and Science can produce comparative figures.

The Premier's esteem for numerical indicators . . .

UK Education

	1969-70	1973-74	1978-79	1982-83
Total state education spending (UK)	£2.3bn	£4.2bn	£9.1bn	£13.9bn
Total as % of GNP	5.0	5.6	5.3	5.3
Percentage of total taken by universities	14.1	11.2	12.2	12.7
No ful-time university students	235,000	251,000	269,000	339,000
No state-school pupils	8.0m**	8.5m*	8.5m*	7.8m*
No school pupils per teacher	22.4**	20.2*	20.0*	19.2*

** England and Wales. * England only.

Source: Department of Education and Science

As a proportion of gross national product, total UK public spending on education increased during her time at the DES and stayed steady over her first four years as Prime Minister. The share of the total expenditure taken by universities fell while she was Education Secretary as the share going to schools and other parts of the service increased. In the early part of her premiership the universities' share rose slightly.

There was a continuing rise in the number of university students. The number of pupils in the state primary and secondary schools reached its peak in 1978-79, but has since dropped and will go on falling until 1991 when the comparative figure will be about 6.7m.

The continued reduction in the number of pupils to each schoolteacher is explained by the sharp drop in school age population. Recently the teaching force has decreased, but not as quickly as pupil numbers. Teaching children in smaller groups is not necessarily beneficial though—all research studies indicated that reducing class size brings no significant improvement in pupils' educational attainment.

But—as is pointed out by those who accuse the Prime Minister of improving the inflation rate at the expense of undermining the industrial base—numbers and ratios do not always reflect what goes on in reality.

It is beyond doubt that the great majority of state schools and other educational institutions have found it hard to adjust to the economies in public spending. The problems, severe in a good many cases, have been chartered by the educational Inspectorate which although nominally independent is not entirely free of political pressures.

The morale of the teaching force in general has dropped to a wretchedly low level. If the whole education service had been voting on the award of the honarary doctorate, it seems sure that the majority against would have been a good deal more than 70 per cent.

It is not certain, however, that Mrs Thatcher and her Cabinet can fairly be blamed for the malaise at the so-called chalk face.

Central Government can decide what total sum is to be available for state education, and broadly how the total should be shared among the different sectors such as schools, universities and so on. But in the case of well over 90 per cent of the total, Whitehall has no power to direct how resources are spent.

How it is used in each area's schools and further education colleges is the jealously guarded prerogative of the local education authorities, which also directly supervise the polytechnics. The LEAs themselves mostly distribute the money among their institutions in the form of budgets whose detailed spending is to an important extent decided by the institution's head and staff. The total available for universities is handed down in a similar way through the University Grants Committee to the individual campuses.

The only way in which the Prime Minister can be said to have damaged the education service is by trimming the total funding, in real terms, made available to it during a period when the younger age groups in the population are diminishing fast. Until that is shown to be detrimental to the nation, her educational critics at Oxford, or anywhere, can hardly claim to have an objectively cogent case.

It is possible, therefore, that their outrage arises from their feelings of having been demoted, in the public esteem, by the policies the Government has adopted. During well over a decade from the mid-1960s education was ceaselessly proclaimed by politicians and other pundits, as the country's most important activity.

Mrs Thatcher has undoubtedly demoted it, not least by increasing the emphasis on training, which most academics consider a distinctly inferior pursuit.

The shift may arise from her belief that the economy requires the reshaping of education's activities, and the fact that she is our first Prime Minister who has had the Education Secretary's job. It taught her that there is little use in just increasing the total funds available, and hoping the service will change its ways.

Her belief that the economy requires the reshaping of education

For example, she took over at the DES in 1970 with the priority aim of refurbishing inadequate primary schools. She won the extra money for that only by promising a small saving elsewhere. The previous Labour Government had withdrawn free school milk from pupils aged 11 upwards. With her officials' advice, she decided to save £6m by withdrawing the milk from normally healthy eight to 10-year-olds.

The education service's strident response was to ridicule her as: "Maggie Thatcher milk-snatcher!" She is not a person to forget a lesson like that.

Weekend Brief

Discredit where it's due

"IT IS difficult to find a positive point in favour of this resort. It is a small, untidy and unlovely collection of mean villas, poor shops and run-down bars. The beach is almost nauseating in its dirty blackness. At the end of the bay is a small electricity station which blows smoke, often the same tint as the beach, in all directions."

Is there nothing good that can be said about the resort of Las Caletillas? Yes: "Buses run into the next town and are very popular."

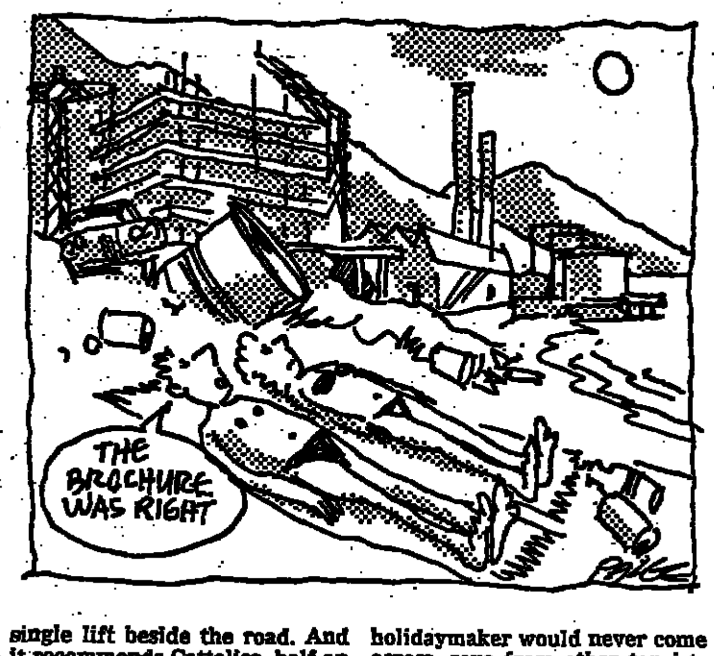
There are not many brochures for Tenerife, or indeed anywhere else, which use this kind of language. But the *Agent's Hotel Gazetteer* (£24, CHG Travel Publications), from Volume 1 of which the above abuse is taken, is no brochure. Brochures give credit where it is due but also where it is not due.

The *Gazetteer* distributes praise but also gives discredit where it is due. Ask your travel agent if you can see the copy he probably keeps under the counter, or look for a copy in the library. You will discover that Las Caletillas is not the only place which is well worth a detour to avoid. The Punta del Rey, for instance, may not be worth Telexing a reservation to: "Only 200 yards from the oil refinery, the building has no great charm."

The competition is not very great from the Tenerife Tour, which, clinging to the cliff face, has over 100 steps but no lift—not a Best Buy for the infirm.

The *Gazetteer* does not confine itself to muckraking.

fine itself to muckraking. It enthuses about the views, the beaches, the shops wherever possible. It mentions with pleasure the Cappuccini Convento in Amalfi, Italy; this converted 12th-century convent on a cliff has as its only entrance, for everything and everybody, a single lift beside the road. And it recommends Cattolica, half an hour from Minimin airport, as possessing "more night clubs per square mile than any other comparable town."



Yet the importance of the publication lies in the damning criticisms which otherwise a holidaymaker would never come across, save from other tourists who had learnt the hard and expensive way.

"45 miles on the road to nowhere," is not how the Tunisian Tourist Board might choose to describe the resort of Bizerta, even if the description does go on to praise the countryside on the way to Tunis. Which is more than it does in the case of the drive to the East of Larnaca, Cyprus: "A journey best done in the dark unless you have come all that way to look at warehouses, factories and oil refineries." (That is the best bit.)

To the West of the town is the district of Scala: "The hotel area of this depressing, dingy and dirty spot is approached through what can only be described as a slum quarter, has a bleak wasteland behind and continues along an un-made road leading past an endless shantytown of huts housing cheap bars and shoddy gift shops."

The final touch of this truly wish-you-were-here resort is to be found beyond the last of the shops selling a-present-from-Larnaca souvenirs: "The end of the runway and all that that implies."

"Your clients," continues the entry severaly, addressing itself to the High Street travel agents, "deserve something better than Scala, and so does Cyprus." Let us hope that customers and country get it.

George Smith's legacy

GEORGE SMITH—who's he? Well, there are thousands of George Smiths but the one who was feted at Oxford in the Sheldonian Theatre on Thursday evening (where Margaret Thatcher will not now star at this summer's Encaenia ceremony) is George M. Smith, the Victorian publisher.

Smith was a kind of blend of Weidenfeld and Sainsbury, that is to say he published anyone who was anyone (the Bronte, Thackeray, Browning, Matthew Arnold, Ruskin) under the imprint Smith, Elder and Co and gave lavish supper parties for his authors in his home; but he also had an entrepreneurial and philanthropic side to him. He was (as Alan Bell told us) into shipping and he patented a tonic water under the brand name Apollinaris (after the Greek god—consumers were educated people in those days) and made a fortune out of it.

Smith decided to plough some of his riches back into the national heritage of historical scholarship and reference. His dream was a work in umpteen volumes which would contain a potted life of every eminent inhabitant of the British Isles from King Alfred to Israel Zangwill. Smith put his money, a princely £150,000 where his dream was and after an agonising gestation it flowered gloriously as *The Dictionary of National Biography*, the first volume of which appeared 100 years ago.

The whole thing depended on finding an editor who combined the judgment, the scholarship, the literary gift, the will and determined energy to mastermind such a stupendous project. Smith made a brilliant appointment, Leslie Stephen, the father of Virgiana Woolf, model for Mr Ramsay in *To the Lighthouse*. Pollymath as he was Stephen could not do it single-handed; he in turn appointed an assistant, Sidney Lee, who eventually succeeded him, and he co-opted a host of outside contributors.

One of these, Canon Alfred Ainger was presented to the Prince of Wales as an expert on Lamb. "Lamb?" said the future Edward VII, puzzled, thinking of his favourite *agneau roti*. However, as the work developed the Victorian establishment came to appreciate its rich pastures of browsing and consultation. "The greatest literary monument of the 19th century," declared prime minister Rosebery.

But Smith was not immortal; when he died and his firm was largely merged with John Murray, what of the DNB? He had offered it to the Oxford University Press, the only condition being they should continue to publish and up-date it. The press looked the gift-horse in the mouth for a considerable time. "A bit of a white elephant said one of the delegates." "A white elephant is just the sort of animal we should have in our stable," said Humphrey Milford, and that was that.

The OUP continues to publish the DNB to this day. The present overall editor is Lord Blake and the next volume covering the period 1971-80 will be ready in a few years' time.

Liechtenstein to Manhattan

WE WERE expected! The gate of Schloss (Castle) Vaduz swung silently open, moved by an unseen hand. A figure emerged from the mist to lead us across a courtyard, up steep flights of steps and past security devices that would not disgrace Fort Knox. There, behind the last set of steel doors and surrounded by turret walls more than 20 feet thick, lay the riches we had come far to see.

That is the hard and at present the only way to view comprehensively the art treasures of the Princely House of Liechtenstein, one of the world's greatest private collections. The easy way will be to go to the Metropolitan Museum of Art in New York from October, when the choicest pieces from the collection will go on rare public show.

Apart from a display of outstanding paintings (above all, of Flemish masters and from the Italian Renaissance), visitors also will see antique arms and armour, bronze sculptures, ivory carvings and a gold-encrusted state carriage, made for the Liechtenstein family in France in the reign of Louis XV.

The exhibition will surely help to open the eyes of those who, so far, have associated the name of Liechtenstein solely with "letter box" companies and almost-impenetrable fiscal secrecy. Moreover, there is a striking tale of daring behind the collection's survival into modern times which makes the New York showing more interesting still.

The House of Liechtenstein can tract its origins back to the 12th-century and, from its base in Vienna, it controlled vast estates stretching into Eastern Europe, especially in what is now Czechoslovakia. It acquired the little (61 square mile) state between Austria and Switzerland—which, henceforth, took the family name—only in the early 18th-century. In other words what is now known as Liechtenstein was long just the western-most outpost (and a poor one, at that) of a far-flung family empire.

All that changed with the upheaval of this century—first, the collapse of the Austro-Hungarian Empire in 1919, then World War Two and the descent of the Iron Curtain between East and West Europe. The family itself survived, moving to the castle in the mountains above Vaduz, the Liechtenstein capital, in 1938 and guiding the principality in neutrality through the war. But most of the family estates were lost, and many of the art treasures would have been engulfed, too, had it not ben for a dramatic rescue organised in the bitter early months of 1945.

Braving both advancing Soviet troops and Nazi forces, supporters of the Liechtenstein family brought hundreds of paintings and other treasures from the East to the safety of Schloss Vaduz. Even 40 years after this operation, there is some reluctance in Liechtenstein to talk in detail about it. It seems some in Nazi Berlin secretly supported moving the art collection west, knowing well that party hard-liners would see such action as "defeatism" punishable by death.

In any case, the operation was hazardous in the extreme. Quite apart from the wartime dangers (at least one painting arrived with bullet holes shot through it), almost no civil transport was available and roads often were blocked by thick snow. Some treasures had to be walled up in a monastery, and stayed undiscovered although Russian troops briefly occupied the building.

Sadly, after all those efforts, a few of the more-than-1,000 pictures (including a fine Leonardo) had to be sold in the post-war years. But, more recently, the family has been building up its holdings of paintings and other art treasures once again, aided by a young German art historian, Dr Reinhold Baumstark, who is known as "Director of the Princely Collections." Dr Baumstark might well be nicknamed "Sherlock" for his striking ability to track down items lost to the collection (whether through sale or theft)

But there are many splendors, all the same — hardly ever seen by the public because the little gallery in the town of Vaduz can take only a very few of the paintings at a time. Among the finest are works by Raphael and Tintoretto, Brueghel and van Dyck and, above all, the biggest collection or works by Peter Paul Rubens still held privately. The latter alone (one picture is more than 16 feet by 11) are going to offer a big transport problem between Vaduz and New York. But, then, the Liechtenstein family has had to overcome much bigger transport difficulties be ore — and emerged with colours flying!

Contributors:
Jonathan Sale
Anthony Curtis
Jonathan Carr

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.50	8.50	8.75	Seven-day account
			9.25	Higher interest acc. 90 days' notice or charge
			6.25-8.75	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	7.50	8.50	8.75	7 days' notice. Immed. wdl. if balance £2,500+; Int. pd. ½-yrly., mthly. inc. optn. if bal. £1,000+
			9.25	Bank Save. Bal. of £2,500. Current account
Anglia	7.50	8.50	9.25	3-year bond. No notice, 3 months' penalty
			9.25	Capital share. No notice, 1 month's penalty
			8.75	7 days' notice. No interest penalty
Barnsley	7.50	9.25	9.50	2-year termshare—3 months' notice
			9.15	Special investmt. share/monthly income share
Birmingham and Bridgwater	7.25	8.45	9.50	90 days. 90 dys. not. or 90 dys. pen./£10,000+; no notice, no penalty
			8.80	5 days' notice or 20 days' interest penalty on amount withdrawn for immediate withdrawal
Bradford and Bingley	7.50	8.50	9.00	Premium access. On demand, no pen. £1,000+
			9.25	High income. 3 months' notice or 90-day pen.
Britannia	7.50	8.50	8.90	7 days' notice, 9.15 28 days' notice
Cardiff	9.00	9.10	9.50	90 days' not. Penalty if balance under £10,000
Catholic	7.00	8.00	8.50	Extra share monthly income. 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	7.50	8.50	9.75	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	8.50	—	Gold. No not. No pen. Under £1,000, 7.50; Over, 9.00; £5,000+ 9.38 when monthly int. added
Citizens Regency	7.75	9.00	9.15	7 days. 9.25 1 month, 9.50 3 months
City of London (The)	7.75	9.00	9.50	3 months' notice—no penalty—monthly income
			9.20	21 days' not. im. access for amnts. over £10,000
Coventry	7.50	8.75	9.75	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 9.45 £20,000+, 9.20 £5,000+, 8.85 £1,000+ monthly inc. opt.
Derbyshire	6.75	8.00	8.75	2 y., 3 m. not. with pen. 8.00 no nt./pn. m. inc.
Gateway	7.50	8.50	9.00	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+ 9.38 if added to account
Greenwich	7.50	—	9.50	90-day a/c (7-day a/c 8.75-9.25 subject to bal.)
Guardian	7.75	—	9.85	6 months, 9.60 3 months, £1,000 minimum
Halifax	7.50	8.50	8.75	7-day Xtra, 7 days' notice, no penalty
			9.00	28-day Xtra, 28 days' notice, no penalty
			9.25	90-day Xtra, 90 days' notice, no penalty
Heart of England	7.50	8.75	9.25	90-day notice, 8.75 5-day notice
Hemel Hempstead	7.50	9.00	10.00	90 days, 9.50 60 days, 9.25 28 days
Hendon	8.00	—	8.75	7-d. a/c min. £500. 9.25 3 mths. a/c min. £1,000
Lambeth	7.65	8.75	9.20	7-d. a/c, 9.80 Magnum a/c 6 wks. + loss of int.
Leamington Spa	7.60	—	9.10	Spa mthly. income, no not., no pen. £5,000 min.
			9.25	Lion sh., 1 m. not. or 28 days' pen. £1,000 min.
			9.65	Supershare, no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	7.50	9.25	9.00	Monthly interest, 9.25 28 days' notice or pen. neither if £10,000 still in account
Leeds Permanent	7.50	8.50	8.75	Liquid gold. No not. no pen. (9.00 on bal. of £2,500+) HRAS 10th issue 9.25 3 months' not.
Leicester	7.50	8.50	8.75	£500+ im. wdl. no pn., 9.73 comp. 3-y. £2,000+
London Permanent	8.00	—	9.50	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	7.50	9.00	9.50	2-year term 2.00 diff. guar. 3 mth.'s not. or pen.
Mornington	*8.30	7.80	8.50	£2K+, 8.65 £10K+, 8.80 £20K+. * £2,000—
National Counties	†7.80	8.80	9.80	90 days' notice, no penalty. † £1,000+
National and Provincial	7.50	8.50	9.50	HYS (share + 2.00 guaranteed 3 years)
			9.25	90 days' notice/pen. unless bal. stays 10,000+
			9.00	28 days' not., 8.75 7 days' not./penalty as above
Nationwide	7.50	8.50	9.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			9.25	Bonus-90, 90 days' notice/penalty
			9.00	Super bonus, 28 days' notice/penalty
			8.75	Bonus-7, 7 days' notice/penalty
Newcastle	7.50	8.75	9.25	90 days' notice, 9.00 28 days' notice
			8.50	7 days' notice. On demand with penalty
			9.75	2-year term access with penalty
Northern Rock	7.50	8.75	9.50	Moneyspinner plus £20,000 or more
			9.25	Moneyspinner plus £5,000 or more
			9.00	Moneyspinner plus £500 or more
Norwich	7.50	8.75	9.05	7-day share monthly income option
Peckham	8.25	—	9.25-9.75	imm. wdl. if over £2,000. Monthly income
Peterborough	7.50	8.80	9.50	Flexi-plus 60 days' notice monthly income
Portman	7.50	9.25	9.10	Flexi-plus. Minimum £500. No notice imm. wdl.
			9.50	Prem. Min. £500. 2 months' notice. No penalty
Portsmouth	7.65	9.15	9.80	3 years, 9.60 90 days, 9.35 30 days, 9.05 7 days
Property Owners	8.00	9.50	9.80	3 mths., 9.50 6 mths., 9.35 28 days, 9.25 im. ac.
Scarborough	7.50	8.75	9.50	2-yr. limited share, 1.75 guaranteed differential
Skipton	7.50	8.75	9.70	Sovereign £10,000+, 9.35 £500-£9,999. Monthly
Stroud	7.50	8.75	9.30	inc. 9.35, min. inv. £2,500. Inst. access no pen. 3 m., 9.05 1 m., 9.05 £10,000+, no pen., no not.
Sussex County	7.50	9.00	8.80	7 days, 9.10 Sussex high, 9.40 90 days
Sussex Mutual	7.75	9.00	9.50	Over £5,000, imm. wdl. Under £5,000 7 d. not.
Thrift	7.60	—	8.60	3-year term. Other accounts available
Town and Country	7.50	8.50	9.50	90 d. not. or pen. No not./pen. if bal. £10,000+
			9.00	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	9.35	—	—	No notice—no penalties—minimum invest. £1
Woolwich	7.50	—	8.75	7-day account, 7 days' notice
			9.00	Monthly income shares, 28 days' notice
			9.25	90-day account, 90 days' notice/penalty
Yorkshire	6.75	7.75	8.50	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Guinness expanding in U.S. with £16m speciality foods deal

BY LISA WOOD

Arthur Guinness, the brewing and retailing group, is moving into the specialist imported food market in the U.S., through a $18.04m (£16.02m) deal which is expected to more than double group turnover in that country.

The group's wholly-owned subsidiary, Guinness America, is to acquire Richter Brothers from the Austram Corporation of Australia. Richter, which imports specialist brand products such as Familia Swiss cereals and Patterson's shortbread of Scotland, is the second largest company in this fragmented, but growing market in the U.S.

The acquisition, which is expected to be completed on February 6, falls into the group's strategy of building on brand strengths and further profit bases, in overseas markets offering long term potential such as the U.S.

Last year the U.S. provided some five per cent of total group turnover and profit, with the bulk coming from the Guinness-Harp Corporation. This importer of speciality beers, such as Guinness, Harp, Bass and Furstenberg, a German beer, reported sales up in volume by 33 per cent in the year to September 30 1984.

Over the last four years Richter has had a growth rate of more than 35 per cent per annum in sales and profits, in a specialist imported food market which is growing at about 20 per cent a year. The speciality imported food market is itself small—some $1.5bn of the $270bn U.S. food market—but Guinness believes the market has very strong potential.

While the acquisition will form part of the group's international brewing and marketing division, it will be run as a separate organisation under its existing management.

In the year to June 30, 1984 pre-tax profits of Richter were $2.77m (£2.46m) on turnover of $66.44m (£58.98m) with net tangible assets of $5.14m (£4.56m).

Mr Ernest Saunders, the chief executive of Arthur Guinness

The price paid for Richter is 13 times last year's earnings. Guinness which has rationalised its U.S. operations in the last three years, with the sale, for example, of a loss-making Manhatten wholesaling company, has available tax losses in the U.S. which will offset taxes on Richter's profits for some years.

The City yesterday gave approval to the acquisition, the latest of a number in the last year or so which are intended to rationalise the group's activities into four major areas, international brewing and marketing, publishing, retailing and health products. In the latter area Guinness said it had identified a niche market with a strong growth potential.

Mr Neil Scorse, of stockbrokers, Fielding, Newson Smith, said: "It looks to be a sensible and profitable acquisition in an area that is growing fast."

BP makes £11m re-entry into communications field

British Petroleum, which last year sold its one-third stake in Mercury Communications of the UK, has re-entered the telecommunications business through a $12.5m (£11.06m) [illegible]

BP's computer services subsidiary, Scicon International, has bought for $6m an 80 per cent interest in Telecom General, a small satellite communications company in Santa Clara, California. Scicon will also provide about $6.5m this year to fund Telecom.

Using Telecom's equipment, Scicon plans to set up a satellite-based U.S. data communications network, on which it will also distribute its computer software to customers by means of small dish aerials.

Telecom has already agreed a joint venture with Satnet, a subsidiary of Associated Press, the large American news agency, to operate private data communications services over AP's U.S. network of more than 1,000 satellite earth stations.

Telecom, which was formed in 1981, has developed a technique to provide highly secure satellite communications, free from radio interference. Scicon bought its interest from defence contractor Ling Temco Vought and Union Planters' Bank of the U.S. The rest of the shares are owned by Telecom's management.

'Considerable potential' for enlarged Amal. Estates

THE MERGER of Amalgamated Estates with London and Manchester Securities will create a property group with "considerable potential." It will have a broad spread of activities with a rental income in excess of £1.25m and pro-forma consolidated net assets of some £11.63m.

This is stated in the formal document from Amalgamated. The paper offers are strongly recommended by the L&M board, which also advises its holders of the 10 per cent convertible debenture stock 1983-85 to vote in favour of the scheme. L&M has recently agreed to buy T and F Investments for £2.5m.

Apart from the proposed merger, Amalgamated has been active in its transactions recently. It has raised some £1.23m net through a rights issue, acquired Combined Industrial Properties, the balance of shares in Damar Properties and Crystal House, and the capital of Dovegale.

Amalgamated has also announced its figures for the half year ended September 30 1984, showing a cut in losses from £632,000 to £301,000.

New twist to British Land bid for Stylo

By Alexander Nicoll

THE BATTLE begun by British Land's innovative tender offer for shares in Stylo, the shoe retailer, took a new twist yesterday when Town Centre Securities disclosed that it had bought Stylo shares in the market.

Both Stylo and Town Centre, a listed property company, are headed by Mr Arnold Ziff.

Mr Ziff and his family control mainly through management shares with 16 times the voting right of ordinary shares. British Land's tender, which closes on Tuesday, could give it a maximum of 50.9 per cent of the company's equity but only 29.9 per cent of the votes.

Even though the Ziff's control is not directly threatened, Stylo has launched a vocal defence against British Land, arguing that the tender price significantly undervalues Stylo's 300 shop properties.

Disclosed

British Land, the property group headed by Mr John Ritblat, is offering its own shares or cash to the value of up to 185p per Stylo share, based on a 130p value for British Land shares. British Land's 135p closing price yesterday valued the share alternative at 192p. Stylo says its net asset value is 325p per hare.

Town Centre, of which Mr Ziff is chairman and speaks for a 26 per cent stake, sent brokers Sheppards & Chase into the market late on Thursday to bid for Stylo shares and has so far disclosed purchases of 90,000 shares at 187$\frac{1}{16}$p each. Stylo shares rose 2p yesterday to close at 186p.

Sheppards & Chase, broker to Town Centre, has also been appointed as broker to Stylo, replacing W. Greenwell which had itself only just replaced Rowe & Pitman. The latter firm could not act because it was broker to both British Land and Stylo.

Derisory

Mr Ziff denied yesterday that there had been any row with Greenwell. "There has been no argument, we've just gone our own way," he said.

Asked why Town Centre had come to Stylo's defence, Mr Ziff noted that it already held 8.5 per cent of Stylo's equity (through Rochdale Canal Company) and that it had "always been a buyer of Stylo shares."

In a letter to Stylo shareholders earlier this week, Mr Ziff said: "Your directors, rather than being sellers of the ordinary shares at this price, are purchasers of ordinary shares and strongly advise you to ignore this derisory bid."

It was unclear last night whether purchases of shares by the Stylo camp would succeed in blocking the British Land tender, which is conditional on at least 8m shares being tendered and is limited to a maximum of 9.02m.

Last February, a full takeover bid for Stylo from Harris Queensway failed despite winning support from a majority of Stylo equity. The share price subsequently slumped as low as 88p.

David Lascelles looks at the aftermath of the failed U.S. venture and asks . . .

What now for Henry Ansbacher?

THE DISASTROUS little venture into the U.S. by Henry Ansbacher Holdings is a cautionary tale which underlines—like Midland Bank's unhappy experience with Crocker National Bank in California — the perils of the American market.

The tiny merchant banking group has just been forced to reverse—after only six months—the purchase of Laidlaw Adams and Peck, a Wall Street securities firm, after mounting losses. Ansbacher has made a provision of $13.6m, which may look small in today's world. But it should be seen in the context of the $10m Ansbacher agreed to pay for Laidlaw; it is also equivalent to nearly a third of Ansbacher's capital and reserves.

Fortunately, Ansbacher has a wealthy shareholder in the shape of Groupe Pargesa-Bruxelles Lambert, the Belgian financial group, willing to make this good by underwriting a rights issue of at least $15m, which should enable Ansbacher to start afresh under its new chief executive, Mr Richard Fenhalls.

But Ansbacher now has a battered reputation to repair, and anxious shareholders drumming for results.

By any standards, Ansbacher's decision to tackle the U.S. market was ambitious for a bank whose 1984 balance-sheet totalled only £180m and still showed the bruises from some earlier blows: a £1.3m write-off of its investment in the failed IRIS information group, and a £1.5m provision for a doubtful shipping insurance debt.

But the then management under Mr Charles Williams, the former head of the Price Commission, had already built up a highly successful U.S. mergers and acquisitions business by hiring Mr Christoper Shaw, a British banker specialising in the U.S. publishing and media industries who was working for Bankers Trust in New York. (Last year, Ansbacher amazingly featured among the top ten

investment banks in the entire U.S. in terms of deals initiated.)

The idea was to complement this busy team with a market-making and broking operation to give Ansbacher a small but well-rounded investment banking presence on Wall Street—precisely the thing, in fact, that many UK merchant banks aim for.

At the time, Laidlaw had reported 1983 profits of $1.2m and expected to clear $3m in 1984. But the tide turned on Wall Street: Laidlaw's costs soared and its revenues fell by a third. Within weeks of the purchase last September, money was pouring out of the place at the rate of over $1m a month.

Mr Williams negotiated a "stop-loss" agreement under which the purchase price would be reduced by the amount of Laidlaw's losses in the first 12 months. But Laidlaw's former owners, including the chief executive Mr Bob Clayton, not surprisingly insisted that they have full management control if they were to bear the losses. So Ansbacher found itself owning a loss-making firm without any say in the running of it.

Crisis point came at the New Year with the resignation of Mr Williams and his replacement by Mr Fenhalls, newly departed from Guinness Mahon, who decided to cut Ansbacher's losses. The $13.6m write-off means Ansbacher expects to make virtually nothing from the re-sale, though it is supposed to get a share of the profits over the next 20 years.

Drastic action would not have been possible without the help of Pargesa, the far-flung financial empire run by Mr Albert Frere, the former steelman. But the result of the capital injection and the conversion of Pargesa's loan stock into equity is that Mr Frere's group will own nearly two thirds of Ansbacher's stock, making Ansbacher heavily dependent on it.

Pargesa apparently has no plans to mount a takeover. But it will now have to decide what to do with its involuntarily acquired majority stake. There has been talk of Ansbacher becoming the UK arm of the Frere organisation which includes interests in Groupe Bruxelles Lambert and Drexel Burnham Lambert on Wall Street.

Pargesa hasa policy of building up small but nimble entities in the world's major financial markets, and a healthier Ansbacher could fit that mould. On the other hand, the Frere people must be deeply disappointed with the results of the £23m investment they made to gain their original stake in Ansbacher only last year.

Mr Richard Fenhalls (left) the new chief executive of Henry Ansbacher who took over from Mr Charles Williams

Aside from the bank, Ansbacher has moved into insurance broking through its 1982 merger with Seascope, and also has interests in ship and metal broking and trust management. Seascope seems to be improving after a bad start; Ansbacher's interim result last September showed an increase in taxable profits from £1.15m to £1.35m largely due to better insurance broking results.

But that improvement, along with the resumption of a higher dividend, has been completely overshadowed by the latest events.

Ansbacher may be integrated more closely into the Pargesa group. The new management would still like to expand in the U.S. to build on Mr Shaw's success, and one answer may be to link up with Drexel Burnham Lambert, and go in with allies rather than alone.

Synterials in £11m pay-back

By Stefan Wagstyl

Synterials, the Dutch-based company which raised a record £20m when it joined the USM, is to pay back a total of £10.5m cash to its shareholders following delays in developing a new process for making industrial components out of synthetic materials.

News of the 45p a share payback lifted Synterials' shares from 36p to 53p yesterday, compared with a flotation price of 100p in 1983.

The company also yesterday announced losses for the 10 months to September 1984 and a major charge against reserves relating to the acquisition in 1983 of its operating company, Technovation.

Synterials was formed to Technovation, which had pioneered the synthetic materials process under inventor Mr Ken Happel, and wrote off 2.3m at the time. Yesterday, it announced additional charges of £2.6m, as the cost of resolving production and other problems with the process.

The company made an operating loss of £860,000 for the period, and after net investment income of £830,000, a pre-tax loss of £29,000. There is no dividend.

The payments are to be made from net cash of £14.2m.

Sir John Hill, the chairman, who is also head of Amersham International, said that shareholders were being paid because the company would be moving more slowly than originally intended.

While there would be an operating loss for the year to September 1985, the production problems had now been resolved.

The only other USM company to offer to repay shareholders was Chemical Methods Associates, which did so after lower than expected sales.

Staff losses sour Good Relations

BY STEFAN WAGSTYL

Good Relations public relations and advertising agency has been hit by the resignation of six out of 20 staff in its City office in a revolt against a planned move out of the Square Mile to group headquarters in the West End.

The six, headed by two directors of Good Relations' City subsidiary, Mr Leo Cavendish and Miss Sue Hurley, intend to join a rival agency, Addison Communications.

Good Relations shares, which fell from a peak of 280p when the office move was first made public in December, dropped 28p to 210p yesterday.

Mr Tony Good, the group's chairman, said that he was talking to the six staff trying to persuade them to stay. "I would personally be very sad to see them go."

Mr Good said that the staff had resigned because they did not want to stop working in the City. "It's a view with which I have considerable sympathy." But the move to Russell Square would still go ahead. The group wanted to offer an integrated service to clients from the office at Russell Square.

Good Relations, which employs about 170 staff altogether, has expanded very rapidly since it joined the Unlisted Securities Market in 1981 and moved to the full market in 1983. In the year to December 1983 it made pre-tax profits of £880,000 on turnover of £6.1m.

Mr Tony Knox, managing director of Addiston Communications, said last night he was delighted to welcome "such high quality staff." The agency recently announced a merger with Michael Page, a recruitment agency.

P&O merger document discloses £64m write-off

Peninsular and Oriental Steam Navigation (P & O), publishing formal details yesterday of its planned merger with Sterling Guarantee Trust, estimated that its pre-tax profit, before extraordinary losses, rose from £56.7m to £89.5m in 1984.

The documents, including 49-page Listing Particulars and a 22-page merger proposal, demonstrated the effect of the more rigorous disclosure requirements in the Stock Exchange's new Yellow Book which took effect at the beginning of this year.

P & O, headed (as is SGT) by Sir Jeffrey Sterling, estimated that it had extraordinary net losses of £64.2m in 1984 after a transfer from revaluation reserve of £39.6m. The company had already said that it was making writedowns and provisions on its bulk shipping fleet, and the sale of the P & O building was also covered in the extraordinary items.

SGT forecast that its pre-tax profit would rise to £24m in the year ending March 24 1985 from £16.5m in the previous year, including £4.3m net income from SGT's 20 per cent holding in P&, which is to be distributed to P&O shareholders in a rights issue.

It also valued its properties at £442m, including £394m in the UK, and said the surplus over book value at the end of 1984 was £39.9m.

The profit estimates by both companies were in line with expectations.

P&O said its 1984 profit included £27.7m from associate companies compared with £9.1m previously. Group shipping profits were hit by UK dock strikes, but this was balanced by good results from OCL, its 47 per cent container shipping associate.

The strength of the dollar aided P&O, and its Bovis housebuilding subsidiary, the TCB finance house and P&O Australia performed well. The group's current trading was said to be satisfactory.

The documents disclosed that after the merger, Sir Jeffrey would have a salary of £150,000. At present he is paid £125,000 by SGT, which gets a £100,000 fee from P&O for his services.

Acorn calls off Torch takeover

By Jason Crisp

Acorn's proposed takeover of Torch Computers has been called off. Acorn Computers, the UK home computer company which makes the BBC Micro, originally reached an agreement, in principle, to take over Torch last year.

In a statement last night, the two companies said that the deal had been called off because of a divergence in their future plans.

There is a potential clash of products between the two companies in the business personal computer field. In addition, Acorn has recently faced a number of problems—including withdrawal from the U.S. market—and has seen its share price on the USM fall sharply.

Torch, a small company in Cambridge which has developed its own business computer, had problems last year but is now in a stronger position, following success with equipment which turns the BBC Micro into a business computer.

Torch has recently won significant contracts and orders for the Graduate which effectively converts the BBC Micro into an IBM PC compatible computer.

Torch said last night it would continue to develop its own business machines with the support of its shareholders. The company expects to have a turnover of £8m in the current financial year ending June. The largest single investor is Newmarket Venture Capital.

Pauls' German disposal nets £2.5m

Pauls, a group which has diversified in recent years from animal feeds, milling and malting to flavours and fragrances and human foods, is selling a major part of its malting operations in West Germany for £2.5m.

The company which announced last year that it was pulling out of West Germany because of fierce competition in the malt market, is disposing of a maltings and a silo to two private German companies.

Pauls is talking to potential buyers about the sale of its German subsidiary Malzfabrik Schragmalz's remaining assets, including two smaller maltings

Pauls made pre-tax profits of £11.3m for the year to last March on sales of £157m. The shares yesterday were unchanged at 253p after rising 8p on Thursday in anticipation of the disposal news.

Gold fields has 87% of Bath and Portland

Consolidated Gold Fields announces that acceptances of its agreed bid for Bath and Portland Group have reached 17.75m ordinary shares, or 87.04 per cent, and hte offer has become fully unconditional. Acceptances have also been received for 77.2 per cent of the preference shares.

The merger is not being referred to the Monopolies Commission.

Glanfield Lawrence succumbs to Gregory

Gregory Securities has successfully concluded its long-running pursuit of Glanfield Lawrence after the holders of 14 per cent of Glanfield's shares accepted its £2.62m offer to take its stake to 56.5 per cent.

Gregory, an investment company headed by Mr Jim Gregory, chairman of Queens Park Rangers Football Club, declared the bid unconditional and extended the offer until today.

Gregory held 2.25m shares or 42.5 per cent of the equity before it launched its bid, and received acceptances from a further 742,453 (14 per cent).

The Glanfield Lawrence board agreed on Thursday to recommend the Gregory offer after after revealing their company incurred a small pre-tax loss in 1984 due to "a significant discrepancy in the management accounts" of a subsidiary.

Milford Docks deal

The Milford Docks consortium, led by the Marquess of Milford Haven, has confirmed it has exercised its option to purchase 28.7 per cent of the company's shares from N. G. Investments. At the invitation of the company's chairman, Lord Parry, the Marquess of Milford Haven was unanimously elected executive deputy chairman.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

For the first time in several weeks, activity in the bids and deals sector fell to a low level. Only one new bid emerged, along with a couple of sizeable U.S. acquisitions.

Tate and Lyle strengthened its U.S. presence with the $18m (£16m) purchase of Colonial Sugars, a privately-owned Alabama-based refining company, while Ireland's largest industrial group, Cement Roadstone, bought Callanan Industries of New York, an aggregates, asphalt and concrete products concern, for $40m (£36m) cash. Tate's purchase represents its third major North American acquisition in as many months. It recently acquired the agriproducts division of Beatrice Inc for $43.2m, while its Canadian subsidiary, Redpath Industries, bought Donlee Manufacturing Industries of Toronto for around C$44m last November. Callanan is Cement Roadstone's fourth and largest U.S. purchase.

Another bid battle seems in prospect following Petrolex's immediate rejection of a £9.06m cash offer from fellow oil concern Clyde Petroleum. The latter sees USM-quoted Petrolex, which has a number of offshore blocks and a 0.25 per cent share in Forties Field production, as strategically important. In rebuffing the 58p per share bid, Petrolex described the offer "as bearing no relation to the company's net asset value, or its future prospects."

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Bath & Portland	307‡§	300	277	62.61	Cons Gold Fields
Butterfield-Hrvy	25*§	25	22½	3.21	Technology Inc
Causton (Sir J.)¶	110§†	115	105	18.69	Norton Opax
Comfort Hotels	93½	95	71	55.37	Ladbroke
Cullen's Strs Ord	475*	470	365††	4.75	Whatling 105
Cullen's Strs 'A'	375*	370	260††	3.75	Whatling 105
Dunlop	21½	36	31	30.92	BTR
Elson & Robbins	53‡§	82	68	8.22	Hartons Group
Glanfield Lawrce¶	49½*	49	49	3.60	Gregory Secs
Hambro Life¶	550*	538	498††	663.00	BAT Inds
Harrison, T. C.	74*	70	49	16.7	Harrison, T.C. Grp
Hoskins & Horton	353§	353	188	9.42	Lon & Mid Inds
Hoskins & Horton	353‡ §§	353	270	9.42	Scottish Heritable
Leech (Wm.)	173 †§	175	134††	25.95	Beazer (C. H.)
Lon & Mchstr Secs	10	9	10½	3.24	Amal Estates
Petrolex	58*	65	50	9.06	Clyde Petroleum
String Guarantee	76	73	325††	271.70	P & O
TMG Group	125†§	100	75	1.33	Surmfit (J.)
Trident TV Ord	249§	255	209	3.64	Pleasurama
Trident TV 'A'	237‡§	250	209	110.24	Pleasurama
Websters Group¶	142‡§	133	140	17.90	Octopus Publshg
Whittington	25‡§ §§	25½	22	10.97	Aitken Hume

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on February 1 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. Loan stock.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Access Satellite	Oct	1,160	(—)	1.0	(—)
Appl Holographics	Sept	34L	(47)L	—	(—)
Baldwin, H. J.	Oct	46	(53)	—	(—)
Bevan, D. F.	Sept	129	(127)	0.25	(0.25)
Blair, George	Sept	111	(52)	—	(—)
Cantors	Oct	96L	(208)	0.5	(0.5)
Cavenham	Sept	11,500	(10,800)	—	(—)
Courts	Sept	2,620	(2,810)	1.75	(1.75)
Cowan de Groot	Oct	656	(610)	1.0	(1.0)
de Brett, Andre	Sept	37	(204)	—	(—)
Diamond Stylus	Sept	34L	(2)	—	(—)
Dom Holdings	Sept	530	(602)	1.73	(1.73)
English Assoc	Dec	932	(846)	1.0	(0.91)
Equipu	Oct	573	(365)	1.4	(1.3)
Euston Cntre Pro	Sept	3,140	(3,110)	—	(—)
Hrvy & Thompson	Dec	194	(187)	1.5	(1.5)
Haynes	Nov	836	(417)	4.0	(3.5)
Hillards	Nov	3,600	(3,260)	1.7	(1.45)
Home Farm Prods	Dec	387	(510)	1.15	(1.15)
Meat Trade Supls	Oct	80	(71)	1.75	(1.75)
Mericom	Oct	508	(283)	—	(—)
Metal Sciences	Aug	269L	(157)L	—	(—)
Neepsend	Sept	102L	(77)	—	(—)
Oceana Consd	Sept	140	(1,100)	—	(—)
Pavillion Leis	April	18L	(25)L	—	(—)
Peerless	Sept	863	(849)	2.1	(2.1)
Samuelson	Sept	1,200	(526)	2.5	(—)
Smith, W. H.	Dec	16,800	(15,080)	1.7	(1.5)
Sutcliffe Speak	Sept	220L	(104)L	—	(—)
UK Property Co	Sept	371	(1,090)	—	(—)
Vibroplant	Sept	1,520	(1,320)	3.3	(3.0)
Wholesale Fittgs	Oct	2,110	(2,140)	1.7	(1.53)
Zetters	Sept	601	(569)	1.0	(0.9)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net except where otherwise stated. † Profit after tax. L Loss.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assoc Energy Serv	Sept	425	(232)	3.8	(3.2)	1.0	(—)
Associated Fish	Sept	2,090	(2,570)	8.6	(10.6)	2.75	(2.5)
Blundell Permo	Oct	1,240	(2,040)	10.9	(10.1)	7.0	(7.0)
Canford	Sept	1,060	(623)	5.3	(3.3)	1.05	(0.25)
CPS Computers	Sept	1,600	(736)	6.7	(3.5)	1.0	(—)
Dawson, William	Sept	3,000	(2,400)	—	(—)	—	(—)
French, Thomas	Sept†	1,970	(1,190)	—	(—)	2.88	(2.5)
Hill & Smith	Sept	1,440	(1,010)	12.0	(7.6)	3.68	(3.18)
IDC Group	Oct	1,520	(1,070)	20.0	(10.8)	7.5	(6.73)
Lonrho	Sept	135,400	(113,200)	20.9	(15.5)	11.0	(9.0)
Meggitt Hldgs	Oct	354	(181)L	3.6	(2.6)L	—	(—)
Microgen	Oct	3,020	(926)	34.1	(14.8)	10.0	(6.0)
Pratt, F.	Oct	325	(257)L	3.8	(9.1)	1.5	(—)
Bank Org	Oct	105,300	(69,300)	27.7	(14.3)	12.0	(10.0)
Rayford Supreme	Sept	1,210	(1,810)	12.2	(23.0)	4.9	(2.1)
Securiguard	Oct	821	(532)	8.0	(6.3)	2.4	(0.9)
Television South	Oct	8,190	(4,470)	14.2	(12.5)	4.0	(2.0)
Union Discount	Dec†	7,940	(6,120)	—	(—)	37.0	(34.0)

Rights issues

Guinness Peat—51.5m new share rights issue on a three for two basis at 70p.

Lyle—£6.7m rights issue on the basis of 28 new 5p shares at 12½p per share for every five 25p shares.

McCorquodale—£14.8m net by means of a one for four rights issue at 150p.

President Entertainments—Raising £2.6m through a two for five rights issue at 60p a share.

Samuelson Group—£3.94m rights issue on a one for four basis at 70p.

Sangers—Eight for nine rights issue at 33½p plus £3 nominal of loan stock at par.

Southwest Resources—£7.6m rights issue on a basis of three for five at 40p.

Systems Designers—£27.2m rights issue on the basis of a two for five at 435p.

Scrip issues

Microgen—One for One.

Sangers—One for two.

Offers for sale, placings and introductions

Hillsdown Holdings offering for sale by tender 47m shares at minimum price of 100p each.

Memcom International Holdings is about to join USM through introduction of 5m shares.

Smith and Nephew placing 23.2m shares at 226½p per share.

BANK RETURN

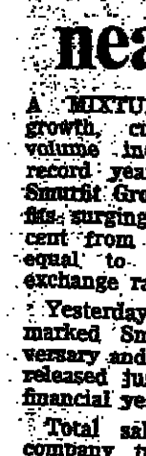
BANKING DEPARTMENT

	Wednesday January 30 1985	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	4,861,615,909	+ 895,088,888
Bankers Deposits	864,445,899	— 173,440,734
Reserve and other Accounts	1,827,041,226	+ 48,674,868
	7,567,656,034	+ 1,118,988,890
Assets		
Government Securities	854,423,663	— 13,554,227
Advance & other Accounts	1,071,168,344	+ 22,518,968
Premises Equipment & other Secs.	5,630,765,550	+ 1,104,267,519
Notes	11,075,501	+ 5,516,853
Coin	232,776	+ 92,153
	7,567,886,034	+ 1,118,988,890

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	11,950,000,000	— 10,000,000
in circulation	11,938,924,499	— 4,783,147
in Banking Department	11,075,501	+ 5,516,853
Assets		
Government Dept	11,015,100	
Other Government Securities	3,125,650,805	— 978,280,117
Other Securities	8,813,334,085	+ 968,280,117
	11,950,000,000	— 10,000,000

Smurfit celebrates 50th birthday with near 300% increase



A MIXTURE of real price growth, currency gains, and volume increases produced a record year for the Jefferson Smurfit Group with taxable profits surging by nearly 300 per cent from I£12.8m to I£50m—equal to £43.5m at current exchange rates.

Yesterday's announcement marked Smurfit's golden anniversary and, for this reason, was released just one day after its financial year-end.

Total sales, including inter-company turnover, passed the £1bn mark for the first time with a rise of £247m to £1.07bn; all major regions contributed to the improvement.

The company is based in Dublin and is principally engaged in the manufacture of corrugated cases, paper and board, print and packaging.

U.S. operations again accounted for the lion's share of profits, generating a trading result of around £51m; a near three-fold increase on the previous year's £18m.

This was achieved in the face of a lower rate of economic growth in the second half of the year, but "our operations delivered to expectations with improved profitability in all but one area of our business," says Mr Michael Smurfit, group chairman.

Home-based activities continued to recover, despite a weak business environment, and doubled their trading contribution to nearly £10m.

Similarly, the turnround in the UK was upheld and a positive return of £2m was made compared with the breakeven result previously.

Shareholders are in line for a final dividend of 3.24p, which, together with the higher interim payment, raises the total payout by 25 per cent to 4.927p.

The total is covered four times by stated earnings per share of 20p, against 12.8p.

Mr Smurfit says that it is too early to give a firm view on current prospects. "The economies in which we operate are forecast to be showing positive growth if at a somewhat lower though more sustainable level than in 1984," he says.

He says that the group is strong and healthy and is better based than ever before. There was I£90m of cash in the bank at the year-end; gearing was just short of 50 per cent.

Smurfit also announced yesterday that it is going for full control of the TMG Group, the Dublin-based iron founder that underwent a capital reconstruction two years ago.

The rescue package was underwritten by Smurfit along with Tynevilla Investments (controlled by family interests of Mr M. W. J. Smurfit and Mr M. A. Buckley) and Foir Teoranta (the Irish State-backed industrial rescue service).

Mr Michael Smurfit, chairman of Jefferson Smurfit

Smurfit owns 39 per cent of TMG's ordinary shares. The offer is on the basis of 77 Smurfit ordinary, or £125 of 10¼ per cent unsecured loan stock 1975-95, for every 100 TMG ordinary and one Smurfit ordinary is being offered for every 4.8 per cent preference.

TMG's shares doubled to 100p yesterday, giving a market capitalisation of £2m. Foir Teoranta has agreed to accept in respect of its 400,000 ordinary (19.5 per cent).

● comment

Jefferson Smurfit's move across the North Atlantic continues to pay off handsomely. For the third successive year the U.S. has outstripped by far all other regions as a profit earner, almost trebling its 1984-85 contribution. There were two main reasons for this; underlying demand for packaging materials was strong, volume gains were around 12 per cent and there were price-rises during the period totalling 25 per cent. On top of this, favourable currency movements gave a windfall of more than I£5m. Back in Ireland and in the UK, volume sales also picked up and profits benefited from loss elimination and improved efficiency. The trend in all major geographical markets continues to look bright, although growth this year will be scaled back to more modest levels, mainly because last October's price increase in the U.S. is being rolled back as a result of a temporary oversupply position. At 145p, up 4p, the multiple of 6.4 is much in line with the sector. For an investor wanting high U.S. exposure there are probably better avenues than this Irish-based company.

Securiguard expands its London security coverage

BY STEFAN WAGSTYL

Securiguard Group, a USM company which is expanding rapidly in the security business, is to make its largest acquisition to date with the purchase of Consolidated Safeguards for up to £2m.

Consolidated is a privately-owned company based in London, supplying security guards to clients such as banks and art galleries, and the Chelsea Flower Show and the Wimbledon Lawn Tennis Championships.

Securiguard is paying for the acquisition with the placing of 1.2m shares, increasing its issued capital by 19 per cent.

The purchase will increase the group's turnover in security from about 70 per cent of the total to more than 80 per cent. The remainder is in contract cleaning, on which the group was originally funded.

Consolidated made estimated pre-tax profits of £250,000 on turnover of £4.3m in 1984, according to unaudited managements accounts. Securiguard on Monday announced increased pre-tax profits of £821,000 on sales of £12.4m for the year to the end of October 1984.

Securiguard says the acquisition will enhance its position in London and South East, an area which will account for about 80 per cent of its security turnover.

The company has made two other purchases since its flotation in 1983—Property Guards bought for £1.2m, and Concorde Armoured Services which cost £190,000.

The initial payment for Consolidated is £1.75m. The sum will be adjusted depending on how far audited profits exceed or fall short of the company's estimated figure for last year.

Securiguard shares rose 5p to 162p yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year.
African Lakes	1.5	—	1.1	1.5	1.1
British American	1.6	April 19	1.6	2.6	2.6
J. & J. Dyson ......int	2	April 4	2	—	4
Globe & Phoenix	1.25¶	—	1.25	1.25	1.25
Jefferson Smurfit	3.24	June 28	2.54	4.93	3.95

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 7 months.

RESULTS DUE NEXT WEEK

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Bank Leumi (UK)	Monday	3.15	7.0	3.15
Bluemel Bros.	Tuesday	—	—	—
Bullough	Monday	3.0	5.4	4.5
English and New York Trust	Tuesday	1.0	1.3	1.0
Fleming American Investment Trust	Wednesday	2.0	2.25	2.0
Ford, Martin	Wednesday	0.35	0.7	—
Gaunt, Rowland	Tuesday	—	—	—
Goode Durrant and Murray	Thursday	—	1.25	—
Leisuretime International	Thursday	0.9	0.9	1.0
Newman Tonks	Tuesday	1.275	1.65	—
TSL Thermal Syndicate	Friday	—	0.1	—
Webber Electro Components	Wednesday	0.875	0.875	1.0
Wood, S. W.	Friday	—	—	—
INTERIM DIVIDENDS				
Abingworth	Thursday	—	1.25	
ASR Holdings	Thursday	1.75	3.75	
Christie Tyler	Wednesday	—	1.5	
Fashion and General Investment	Tuesday	5.0	4.4	
Flextech	Thursday	—	—	
Gold Fields of South Africa	Tuesday†	36.0	—	
Heath Samuel	Friday	—	31.429	
Herbuger Brooks	Monday	—	1.5	
Howard Shuttering	Tuesday	0.75	0.50	
Industrial Finance and Invest. Corp.	Tuesday	—	—	
International Investment Trust	Thursday	5.5	4.0	
Marler Estates	Wednesday	2.0	2.0	
Mezzanine Capital Corpn.	Monday†	13.84	18.38	
Mid Wynd International Inv. Trust	Thursday	0.9	1.1	
ML Holdings	Tuesday	2.0	5.0	
Ransom, William and Son	Thursday	1.5	6.0	
REA Holdings	Tuesday	—	1.0	
Reardon Smith	Tuesday	—	—	
Scottish and Mercantile Invest.	Wednesday	2.0	5.7	
Second Alliance Trust	Friday	3.25	9.25	
Stocklake Holdings	Wednesday	3.0	9.0	
Textured Jersey	Monday	1.75	2.25	
T.R. City of London Trust	Wednesday	0.875	0.875	
Unitech	Tuesday	1.694	3.205	
Wolverhampton Steam Laundry	Friday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share.

Ok Tedi Mine ordered to close

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE GOVERNMENT of Papua New Guinea (PNG) yesterday ordered an international mining consortium to cease work on the US$1.6bn Ok Tedi gold and copper mine within 28 days.

The mine is at Mt Fubilan, in the remote Star Mountains of Western PNG, close to the Indonesian border.

The partners in the consortium are Australia's Broken Hill Proprietary (BHP) with 30 per cent, Amoco Minerals Australia, a subsidiary of Standard Oil of Indiana, with 30 per cent, a group of West German metals companies, with 20 per cent, and the PNG government itself with 20 per cent.

Yesterday's order to close the mine follows disagreements over the timetable for extending work at Ok Tedi. Because of depressed gold and copper prices, the commercial partners in the consortium are reluctant to press ahead with stage two, which envisages large-scale copper production.

Mr Michael Somare, the PNG Prime Minister, is expected in Sydney tomorrow to put PNG's case to the Australian Government, which subsidises the PNG economy with large amounts of aid.

Mr Francis Pusal, the PNG Minister for Minerals and Energy said in Port Moresby, the PNG capital, that the order to close followed the partners' failure to proceed with building a permanent tailings (waste) dam, hydro-electric scheme, and copper processing mill.

Located in one of the world's remotest jungle areas, Ok Tedi has recoverable reserves of about 410m tonnes of high grade ore. However, the project has been dogged by escalating costs, collapsed metal prices, drought, and massive geo-technical problems.

Mr Pusal claimed the PNG Government had been "reasonable, fair, and understanding."

Mr David Adam, BHP's general manager for corporate affairs, and chairman of Ok Tedi Mining (OTM), which manages the mine, said in Melbourne that the partners "still hope an agreement can be reached to allow the mine to continue in operation."

He added: "OTM is ready to go ahead with sufficient additional expenditure immediately to put a permanent tailings disposal system in place. The cost is high, but the scheme is needed.

"OTM has assured the government of its intention to develop the project, as a long-term copper and gold mine, in a sound, logical, and timely way."

However, Mr Adam added that the partners would not agree to the "inflexible" development programme demanded by the PNG Government.

"The investment involved in the government's programme would be quite uneconomic, at current gold and copper prices. A better view of the future is needed before a firm commitment to the timing of the copper facilities, and to their size and nature, can be made. Closure of the mine for any length of time will be very damaging for everyone."

PNG was adamant that it had not nationalised the mine.

Last night, 200 Australian employees of OTM were readying to leave Tabubil, the Ok Tedi mining town on the Fly River.

Apart from mining, the PNG economy is based on coffee, cocoa, copra, palm oil and tea. Its three million people — mostly Melanesians — rely mainly on subsistence farming.

● Degussa, one of Ok Tedi's German shareholders, is raising its dividend for the year ended September 1984 to DM 9.50 ($3) a share from DM 9. New shares issued through a rights issue last spring will receive a dividend of DM 4.75.

Poor market conditions force IBM to reduce bond issue

BY MAGGIE URRY

IN A RARE reverse for the world's dominant computer company, IBM Credit Corporation has been forced by poor market conditions to cut the size of its Eurodollar bond issue, launched on Thursday, from $300m to $200m. The coupon on the three year issue, at 9¾ per cent, was the lowest in the market for some years.

A spokesman for IBM Credit said yesterday: "We are a frequent borrower in the markets and generally our issues are received positively. When this issue was priced, market conditions eroded and we decided to reduce the size of the offering."

The New York bond market was hit by a surprisingly large increase in the money supply figure, published on Thursday evening, just at the time that Salomon Brothers was trying to syndicate the IBM issue.

Even before the money supply announcement, the issue had looked tightly priced, and was trading well outside its 1¾ per cent total fees. By the close on Friday, the bonds were being offered at a 2 per cent discount to the par issue price.

Salomon Brothers, lead manager to the issue, said that the size had been reduced "at the company's request."

Provisions hit Oak Industries

OAK INDUSTRIES, the troubled California cable TV and electronic equipment company, is to make 1984 fourth quarter provisions of about $80m. These will include write-downs of goodwill and costs associated with closing its pay TV side, Louise Kehoe writes from San Francisco.

The closures involve two television stations, the Oak Adec division making energy management systems, and two factories in Mexico and South Africa.

Oak will also revise its 1982 and 1983 financial statements to recognise a $50m loss, resulting in a net loss of about $46m for 1982 and $116m for 1983.

Oak has said it may return to profitability in 1985. But it still faces serious problems with its television related operations, say industry analysts.

Eastern Airlines default as contract deadline slips

BY TERRY DODSWORTH IN NEW YORK

EASTERN AIRLINES, the struggling Miami-based air carrier, missed a deadline set by its lenders for the negotiation of a new wages contract yesterday, leaving it in technical default of some of its loan agreements.

The company tried immediately to calm growing speculation about its future by saying there was no indication that any of its lenders would take action to call in their loans. While conceding that it had not reached agreement with its important Machinists' Union, it said that it intended to "continue discussions," and stressed that it now had the basis of a new contract both with the Transport Workers of America and the Airline Pilots' Association.

Eastern added that it is also looking for some relaxation of the terms of those loan agreements which were contingent on the establishment of certain profit plans by the end of January. It was asking lenders, it said, to extend the date on these accords "to enable it to conclude an agreement" with the Machinists.

The airline, which is carrying $2.5bn of long term debt, has run into problems with its unions because of a profits restoration plan based on wage cuts. It is believed to have been looking for salary and wage reductions of around 18 per cent, as well as a 5 per cent increase in productivity.

Swire sells stake in Gammon subsidiary

BY DAVID DODWELL IN HONG KONG

GAMMON (Hong Kong), the Hong Kong construction group, has acquired from Swire Properties the 50 per cent stake it did not already own in Gammon Building Construction. The price will be based on the audited value of shares at the end of 1984.

The disposal disentangles Swire Properties, a subsidiary of the British-controlled Swire Pacific, from a complex shareholding in Gammon Building.

Gammon (Hong Kong) is a joint venture company controlled by Trafalgar House of the UK and Jardine Matheson, the Hong Kong trading group.

Swire was technically in control of Gammon Construction, but found the minority shareholders in a position to apply effective control through ownership of the parent company.

Recently Gammon (Hong Kong) was awarded, along with Henry Boot of the UK, a HK$1bn (US$128m) contract to supply and construct railway tracks for Singapore's mass rapid transit system. It has also won contracts recently in Hong Kong to build the first phase of the HK$4bn Whampoa Garden residential complex in Kowloon, and the substructure work of the third tower of Hong Kong Land's flagship building, Exchange Square.

Comalco hurt by depressed metal prices

By Our Sydney Correspondent

COMALCO, the Australian aluminium producer, yesterday reported a 28 per cent fall in net profit for the year to December 31, from A$22.6m to A$16.7m (US$ 13.5m).

However, it has raised its annual dividend for 3 cents to 4 cents per share. Comalco is a subsidiary of CRA, one of Australia's biggest mining concerns, which is in turn controlled by Rio Tinto-Zinc of the UK.

It said the main reason for lower profits was depressed metal prices, particularly in Japan, where Comalco owns 50 per cent of Showa Aluminium Industries. Showa's impact was to reduce Comalco's net profit by A$14.3m last year.

Comalco was also hit by currency losses, higher depreciation, and metal trading losses.

However, primary metal entitlements last year surged from 271,020 tonnes to 320,016 tonnes, producing a 21 per cent growth in sales to A$1.1bn.

Profits ahead at Petrofina

By Paul Cheeseright in Brussels

STRONG demand for chemicals lifted the net profits of Petrofina, the Belgian international petrochemicals group, by 10 per cent to BFr 15.5bn ($245m) last year.

The net dividend is being held at BFr 300, plus a one-for-ten bonus share issue, which carries 1984 dividend rights.

Total net profit shows that Petrofina was broadly able to maintain the same rate of earnings as in the first half. Stronger demand for chemicals has more than offset the sluggish performance of the refinery and oil distribution interests—a general characteristic of the industry.

The upturn in the chemical sector has meant that the 81 per cent owned American Petrofina has been able to make a bigger contribution to profits, although recent dividend announcements from the U.S. have been at a lower level than earlier this year.

Current year earnings prospects will depend largely on whether the chemicals performance can continue. The oil sector outlook remains bleak

Electrolux earnings up 39% in 1984

BY DAVID BROWN IN STOCKHOLM

ELECTROLUX of Sweden, Europe's largest manufacturer of home appliances, reported yesterday that its earnings before extraordinary items, appropriations and taxes climbed 39 per cent to SKr2.45bn ($270m) from SKr 1.76bn in 1984, despite a slowdown in the rate of growth towards the end of the year.

Mr Anders Scharp, the managing director, said Electrolux would have to maintain a steady pace of acquisitions in order to achieve an increase of 15 per cent in both sales and earnings this year. Sales last year rose to SKr 34.88bn from SKr 32.14bn.

The group captured a quarter share of the European home appliances market when it bought effective control of Zanussi, the troubled Italian white goods manufacturer, last December.

Results from Zanussi, in which Electrolux took a 49 per cent stake for L100bn in mid-December, are not included in the results. As part of the deal, the group also subscribed to a L100bn convertible bond issue, which will eventually bring its stake up to 75 per cent.

Electrolux may defer consolidation of Zanussi until 1986, said Mr Lennart Ribohn, the finance director. Financial costs associated with the acquisition will be balanced this year by savings from joint purchasing of raw materials and parts, and joint marketing and distribution.

Electrolux' dividend will be held at SKr 11 per share due to the Swedish government's prohibition on increases as part of its domestic anti-inflation programme. Electrolux, which has applied for a dispensation, wishes to pay an additional Skr 2 per share, and will make a final dividend announcement in mid-March.

The group said earnings per share after estimated tax climbed from SKr 33 to SKr 44 and the return on equity from 16.5 per cent to 21 per cent.

Operating results after depreciation climbed from SKr 2.7bn to SKr 3.1bn, with better profitability in all five business areas. Net financial costs as a percentage of turnover fell from 2.9 per cent to about 2 per cent, or some SKr 700m. Extraordinary gains are expected to exceed the SKr 100m noted in the first half.

Among the strongest markets were Scandinavia and the U.S., though an upturn was also noted in Latin America, the Far East, and Oceania. Mr Scharp said it was unlikely that any of the major markets would show any sharp improvement in 1985.

Havas income cut by loss on pay television venture

BY PAUL BETTS IN PARIS

HAVAS, the 51 per cent state controlled French advertising and communications group, expects to report earnings of about FFr 80m ($8.2m) in 1984 compared with profits of FFr 153m the year before. It has been hit by losses from its Canal Plus pay television venture.

The announcement sent Havas shares plunging on the Paris Bourse yesterday. They closed FFr 90 down at FFr 620, from FFr 710 on Thursday, for a 13 per cent fall on the day.

Havas, which is Europe's largest advertising agency, indicated that without the special charges arising from the launch and losses of Canal Plus, 1984 earnings would have totalled about FFr 160m.

Havas has a 42 per cent stake in France's first pay television station which was launched last winter amid great fanfare. The future of the pay television venture is now in the balance following a slowdown in the rate of new subscribers.

Canal Plus is now expected to have a deficit of about FFr 500m this year compared to an original estimate which put losses at FFr 200m and FFr 300m.

M Andre Rousselet, the head of both Havas and Canal Plus, is seeking to renegotiate with the film industry the terms of screening films on the pay television channels.

For Canal Plus, the problems have been exacerbated by President Francois Mitterrand's announcement, at the beginning of the year, that he favours and intends to deregulate television broadcasting in France and allow the creation of over-the-air private television stations.

These new private stations would not only compete against the three existing French national channels but also against the pay television chain, which is likely to suffer most from the new competition.

Havas' board is due to meet at the middle of this month to review the situation and decide whether to distribute a dividend.

MAN could break even despite slowing sales

BY RUPERT CORNWELL IN BONN

MAN, the long troubled heavy vehicle and motor subsidiary of GHH, expects to more or less break even in the current year (to June) after net losses reaching a combined DM 260.2m ($82m) in the two previous years.

These brighter tidings from Herr Otto Voisard, MAN's chief executive, to shareholders yesterday come despite a drop in sales in the first half of 1984-85 by around 1 per cent to DM 2.9bn. A 16 per cent climb in foreign sales was more than offset by a drop in domestic business of 17 per cent to DM 1.27bn.

The turnaround in MAN, which will have a most beneficial effect on the results at its parent, reflects the success of capacity cutting, which in 1983-1984 were partly blunted by the consequences of the seven-week engineering industry strike last summer.

Herr Voisard said that orders booked at December 31, last were DM 6.14bn, some 2 per cent lower than 12 months before. More than two thirds of the total is for export.

He also warned that short-time working, despite the closer adjustment of capacity to demand, would remain necessary at some plants, though in smaller measure than in recent years.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Lower on money figures

LOWER LEVELS were recorded on Wall Street yesterday, when investors took profits in reaction to a larger than expected rise in the U.S. money supply.

After opening 11.48 down at 1,275.29, the Dow Jones Industrial Average partially recovered to 1,281.03, by 1 pm, for a net loss of 5.74 on the day and reducing its rise on the week to only 4.97. The NYSE All Common Index, at $103.35, shed 40 cents on the day but was still up 93 cents on the week. Declines led advances by a more than two-to-one majority, while the volume decreased 12.8m shares to 84.37m compared with 1 pm Thursday.

Analysts said the market may try an upward probe later in the day, but this, according to Larry Wachtel of Prudential/Bache Securities, *may prove to be unsuccessful.*

Oak Industries, one of the day's biggest percentage losers at off $¼, said it is revising 1982 and 1983 figures and planning a debenture exchange offer.

Allegheny Corp, a contender for hte Conrail acquisition, gave way $2¾ to $81½.

May Department Stores, a takeover candidate, moved up to $48.

G. D. Murphy improved $1¼ to $42½—it is studying a leveraged buyout.

Federal Express advanced $2¼ to $35¾ in active trading—it said Thursday it is moving ahead in the expansion of its Zapmail service.

Unocal, viewed on Wall Street as a takeover candidate, declined $1¼ to $41½.

Phillips Petroleum were up $¼ at $48¼—it detailed in material to the SEC plans to sell $2bn in assets in the year following its planned recapitalisation.

Pacific Gas and Electric, topped the active list, but held unchanged at $16¾—it has an indirect interest of 35 per cent in Angus Chemicals, which recently offered to buy G. D. Searle's nutrasweet business.

Searle, which would not confirm reports it is close to an agreement to sell the company for $64 to $68 a share, rose $¾ to $59¾.

...Eastern Air Lines were off $¼ at $4¼—it said it reached agreements with two unions regarding a business plan to show its lenders.

THE AMERICAN SE Market Value Index shed 0.41 to 223.66, reducing its rise on the week to 3.14. Trading volume expanded 1.35m shares to 8.13m, compared with 1 pm Thursday.

Closing prices for North America were not available for this edition.

CANADA

Stock prices were sharply lower in busy trading at mid-session, continuing Thursday's sell off.

The Toronto Composite index further declared 16.7 to 2,578.3. Metals and Minerals index lost 21.8 to 2,157.4, Golds 13.3 to 3,105.2 and Oil and Gas 19.1 to 3,146.2.

Denison "A" shed $¼ to $13¼ and the "B" $¼ to $12¾—it said its 50 per cent owned Quintette Coal unit could soon face technical defaut on $700m of loans.

TOKYO

Share prices closed lower for the first time in five days as hectic trading reversed a firm morning start when investors grew wary about the rapid advance.

The Nikkei Dow Market Average fell 45.35 to 11,946.96, after gaining 31.68 Thursday and exceeding 12,000 in yesterday's early morning trading. Turnover 670m (55m) shares.

"The market can by no means be considered weak," said one dealer. "It's just that the 12,000 mark is an awesome boundary and after the recent spate of exuberant buying and climbing, the feeling was the market had better cool off," he added.

The SE Index lost 3.05 to 928.01. Volume 16m (18m) shares.

Selling spread over a broad front, led by international populars and some biotechnology-related shares and shippings.

Biotechnology - related foods closed mixed, with former front-runners falling back and previously-ignored shares gaining ground.

Most drugs eased, with Dainippon Pharm down Y280 to 5,340 and Daiichi Seiyaku Y130 at 2,120.

Most shipping lines softened, led by Sanko Steamship, down Y18 at 70, which is undergoing a three-year financial rehabilitation plan begun last April, dealers said.

Most non-ferrous metals firmed and financials closed mixed.

HONG KONG

Mostly lower on late book-squaring, relinquishing early gains which followed news of Hutchison Whampoa's, off 2 cents at $HK19.8, sale of its take in Cross-Harbour Tunnel.

The Hang Seng index eanded 8.76 lower at 1,356.26 after having been 7.65 higher.

Turnover rose to a record $HK3.31bn, mainly due to Hongkong Land's, off 3 cents at $HK4.37, delivery of a 34.6 per cent stake in Hongkong Electric Holdings to Hutchison Whampoa, dealers said.

Hutchison said last week it bought the HK Electric stake for some $HK2.9bn.

SINGAPORE

Hefty profit-taking nibled away at strong gains posted during the early part of the week, and left stocks mixed at the end of another active session.

The start of a new Settlement month, which effectively allows investors four weeks of credit, encouraged smaller buyers to enter the market, and that helped prices withstand some of the selling pressure.

The Straits Times index finished down 2.26 at 831.25. The All-Shares index, however, inched up 0.19 to 296.71. Rising issues and declines were almost evenly paced, 73-to-70. Volume 28.4m (17.0m) shares.

Hong Kong Telephone lost $HK1 to 60.50, despite reporting better than expected profits.

AUSTRALIA

After four days of sharp gains, share prices turned mixed but trading remained extremely active.

The All Ordinaries Index finished 0.7 off at 772.7, the All Industrials rose 3.2 to 1180.3, while All Resources lost 3.5 to 475.4.

Brokers said a correction in the Mining and Resource stocks after some recent big rises was partially offset by gains among the industrial groups. They said institutional buying was still strong, however, and volume was high.

GERMANY

Share prices gave way as investors resorted to profit-taking and the Bundesbank's decision Thursday to raise the Lombard rate to 6 per cent—shrugged off by foreign investors early in trading — began to dampen market sentiment.

The Commerzbank index dropped 4.7 to 1,156.8. Volume also fell off later in the session.

Degussa added DM 1 at 344 after the close it announced a DM 9.50 (DM 9) dividend for the year ended September 30 1984.

SWITZERLAND

Domestic stock prices closed slightly lower over a broad front with the rising dollar and firm interest rates depressing market sentiment.

Profit-taking after the market's recent surge contributed to the soften tone. But losses were relatively small in all seasons.

Swiss bonds were lower in thin trading.

In foreign shares, dollar stocks traded irregularly around overnight New York closing levels.

PARIS

Mixed in moderately active trading. The market indicator was unchanged at the end of business and advances and declines were evenly matched.

Observers said some operators had drifted to the sidelines in anticipation of the launch of a State Loan. Officials at the Economics Ministry have indicated that the issue—which could be for as much as Frs 20bn—is under preparation. The authorities are now waiting for interest rates to subside.

Foods and Hotels were mostly easier while Constructions, Engineerings, Oils and Stores generally improved.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL

NEW YORK ACTIVE STOCKS

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm

The dollar rose in currency markets yesterday but still failed to break out of its recent trading range.

Against the D-mark it touched a best level of DM 3.1795 before finishing at DM 3.1785, up from DM 3.1620 on Thursday. Elsewhere it finished at SwFr 2.7035 from SwFr 2.6740 and Y256.70 compared with Y254.80. It was also higher in terms of the French franc at FFr 9.71 from FFr 9.6725. On Bank of England figures, the dollar's trade weighted index rose from 146.2 to 146.7, equal to its highest level ever.

Sterling finished slightly firmer overall in rather quiet trading. Having weathered the Opec meeting, the pound now seems a hostage to next Tuesday's UK money supply figures and the consequences for domestic interest rates. Despite expectations of a rise in money supply, base rates are expected to fall by one point over the next few days. Against the dollar sterling rose to $1.1240-$1.1250 from $1.1305-1-1315 but slipped against the D-mark to DM 3.57 from DM 3.5750.

£ in New York

	February 1	Prev. close
£ Spot	$1.1241-1.1251	$1.1265-1275
1 month	0.39-0.37 pm	0.41-0.30pm
3 months	1.01-0.96 pm	1.10-1.05pm
12 months	2.30-2.10 pm	2.40-2.30pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Feb. 1	Previous			
8.30 am	71.5	71.5	10.00 am	71.6	71.4
9.30 am	71.5	71.2	11.00 am	71.5	71.4
			Noon	71.6	71.5
			1.00 pm	71.6	71.5
			2.00 pm	71.6	71.5
			3.00 pm	71.6	71.5
			4.00 pm	71.7	71.6

POUND SPOT—FORWARD AGAINST POUND

Belgian rate is for convertible francs. Financial franc 71.50-71.60. Six-month forward dollar 1.86-1.65c pm, 12-month 2.20-2.00c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.60-63.70.

OTHER CURRENCIES

* Selling rate.

EXCHANGE CROSS RATES

MONEY MARKETS

Softer tone

Interest rates were a little easier in London yesterday, having opened firmer on sterling's weaker tone. The pound again failed to hold above $1.1300 but was quite comfortably placed at the end of the day. The prospect of a reduction in UK clearing bank base rates before next Tuesday's UK money supply figures receded as the Bank of England declined to give any official indication on interest rates.

UK clearing banks base lending rate 14 per cent since January 28.

This became apparent when it took out the money market shortage through sale and repurchase agreements, leaving its money market intervention rates unchanged. However three-month interbank money eased to 12⅝-12½ per cent from 12¾-12⅝ per cent earlier in the day, *finishing unchanged from* Thursday's close, while three-month eligible bank bills were bid at 12½ per cent down from 12⅝ per cent. Weekend interbank money opened at 14½ per cent and eased to a low of 10½ per cent before coming back to finish at 12 per cent.

The Bank of England forecast a shortage of around £550m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £270m and Exchequer transactions a further £70m. There was also a rise in the note circulation of £235m.

To help alleviate the shortage the Bank offered a round of assistance which was made up of sale and repurchase agreements on £456m of bills at 13⅞ per cent, unwinding on February 7. The forecast was later revised to a shortage of around £450m before taking into account the early help and the Bank gave no further assistance

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 5 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from February 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Ratesf or sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 11.8150 per cent. Certificates of Tax Deposit (Series 6): Sales temporarily suspended. Rates prior to suspension were: Deposit £100,000 and over held under one month 14½ per cent; one-three months 14 per cent; three-six months 13½ per cent; six-nine months 13½ per cent; nine-12 months 13¼ per cent. Under £100,000 12¾ per cent from January 30. Deposits held under Series 6 10 per cent. The rate for all deposits withdrawn for cash 9 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. February 1)

3 months U.S. dollars	
bid 8⅞	offer 9

6 months U.S. dollars	
bid 9 1/16	offer 9 3/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): Short-term 8¾-8⅞ per cent; seven days 8¾-8⅞ per cent; one month 8⅞-8¾ per cent; three months 8¾-8⅞ per cent; six months 9-9 per cent; one year 9⅝-9¾ per cent. Long-term Eurodollars: two years 10⅛-10¼ per cent; three years 10⅝-11 per cent; four years 11¼-11½ per cent; five years 11⅝-11⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

§ Unquoted. (g) Madagascar. (j) Ghana cocoa. (x) Jan-Feb. (w) Feb-Mar. (z) March-April. (y) March. (v) Feb. (u) May.

REVIEW OF THE WEEK

Upsurge in London cocoa price continues

BY OUR COMMODITIES EDITOR

TRADE AND speculative buying pushed cocoa prices up again this week on thet London futures market. The upsurge ran out of steam after the May position had reached a 6¾ year high at £2,256 a tonne but the price still ended £100 up on the week at £2,214 a tonne.

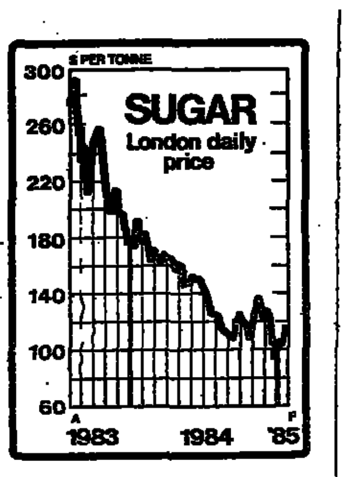
Bouts of profit-taking tended to be short-lived with manufacturers coming into the market to take advantage of any dips in prices. Manufacturer stocks are reported to be relatively low at the moment.

Further encouragement was given to buyers by the latest market report from Gill & Duffus, the influential London trade house, which reduced the 1984/85 production surplus forecast to 8,000 tonnes from 25,000 in the December report.

Anticipation of Brazil's move, confirmed on Thursday, to begin auctioning coffee from its stockpile depressed values on the coffee futures market will hold zilian Coffee Institute will hold the first auction on Monday.

The May position closed at £2,353.50 a tonne on Wednesday and moved down further after Thursday's Brazilian announcement before recovering to end the week £39.50 down on balance at £2,385 a tonne.

Sugar values gained ground although most of the week's news tended to be bearish. The Dominican Republic held a tender to sell 20,000 tonnes; India said it might resume exporting this year; Syria deferred a buying tender because prices asked were unacceptable and the weekly EEC tender resulted in higher-than-expected export authorisations. But the London daily price moved up to $122.50 a tonne before ending the week $11.50 higher at $117 a tonne.



On the London Metal Exchange (LME) copper values moved up strongly early on to reach new five-year highs, helped by a renewed decline in LME warehouse stocks last week and rumours that further U.S. output cuts were on the cards.

The gains were virtually wiped out by later profit-taking and cash high grade metal ended only £0.50 up on the week at £1,244.50 a tonne. But some traders saw the setback as a technical correction and remained convinced that the "bull trend" was still intact.

Cash lead fell sharply as the squeeze on the availability of nearby supplies continued to ease. This resulted in the elimination of the cash premium over the three months position, which ended last week at £35.25 a tonne. Cash lead finished £48 down at £340 a tonne while three months lost only £11.50 on the week at £341.25 a tonne.

Zinc and nickel prices also declined but buying on behalf of the International Tin Agreement buffer stock lifed cash standard grade tin by £147.50 to £9,965 a tonne. Market analysts said the tin market was poised to test the record high level of £9,970 a tonne for the three months' position, which ended this week at £9,935 a tonne.

COPPER

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,240, three months £1,261, 62, 61, 59, 58, 59, 61, 61.5, 62, 61. Kerb: Higher Grade: Three months £1,261, 62, 63. Afternoon: Higher Grade: Three months £1,267, 65.5, 66, 65, 64.5, 65.

Tin—Morning: Standard: Cash £9,940, three months £9,890, 9,900, 10, 20, 15, 10. Kerb: Higher Grade: Three months £9,910. High Grade: Cash £9,960. Afternoon: Standard: Three months £9,910, 05. High Grade: Three months £9,925. Kerb: Standard: Three months £9,900, 10, 05, 9,900, 9,895. Turnover: 1,220 tonnes.

Nickel—Morning: Cash £4,450, three months £4,410, 15, 20, 25, 27, 30, 40, 45, 50, 55, 60, 67, 65, 70, 65, 67. Kerb: Three months £4,460, 65, 70. Afternoon: Three months £4,480, 85, 4,515, 20, 15. Three months £4,510, 05. Turnover: 2,220 tonnes.

LEAD

SILVER

TIN

ZINC

ALUMINIUM

NICKEL

COCOA

COFFEE

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

OIL

GOLD

RUBBER

AMERICAN MARKETS

CONTINUED COLD weather, declining imports of crude and distillates to the U.S. and Soviet problems in transporting oil firmed the heating and crude oils, reports Heinold Comomdities. Heavy commercial buying in soyabean oil firmed the soyabeans. Maize moved marginally lower on evening-up. Wheat traded about unchanged in a tug-of-war between commercial buyers and local sellers. Precious metals values traded under pressure on a firm dollar. Copper was firm on renewed speculative buying in anticipation of a sharp LME stock drawdown. Aluminium weakened in sympathy with precious metals. Sugar firmed from early losses on trade buying. Cocoa steadied on manufacturer price fixing. Coffee rose, reflecting concerns over the rain damage to the Brazilian crop and the undershipment by mild producers. Cotton found light support from an oversold situation along with light trade buying.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	49.95	—	—	49.65
March	50.35	50.40	49.55	50.05
April	50.70	—	—	50.40
May	51.10	50.90	50.25	50.76
July	51.85	51.40	51.00	51.45
Sept	52.60	—	—	52.15
Dec	53.70	52.95	52.95	53.20

CHICAGO

SOYABEAN MEAL

GRAINS

SUGAR

POTATOES

PIGMEAT

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate controversy inhibits business
Equity index slips 8.6 for fall on week of 25.3

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 14	Jan 24	Jan 25	Feb 4
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Interest rate uncertainty inhibited business in London stock markets which were attempting yesterday to settle down after recent marked changes of direction. The trend in both sterling and money market rates gave little away about the Government's attitude towards the present high level *of credit costs.*

It was felt that the clearing banks would like to reduce base rates from the current 14 per *cent, but the authorities would* rather these levels be maintained for a while in order to protect the pound. There were *few hopes* of any immediate cut in bank borrowing charges, but a favourable set of money statistics on Tuesday could alter the situation.

The Chancellor's more cautious stance over Budget taxation cuts also tended to subdue investment incentive. Equity dealers welcomed the quieter trading spell which enabled them to straighten book positions which had been unbalanced by the heavy one-way volumes experienced over recent sessions. Trade yesterday often comprised small selling orders which lowered leading industrials a penny or two and left the FT Ordinary share index down 8.6 at 977.5 for a fall of 25.3 over the first *leg* of the Account.

Government securities slipped back as investors became restive over the pound. The latter's reluctance to mount a recovery against the dollar, together with easier U.S. bond markets, discouraged potential buyers. At one stage quotations tried to rally but the movement faltered in the face of a firmer U.S. Fed funds rate which reflected fears that the Federal Reserve might not want to ease its credit policies further.

Short-dated Gilts were affected most and closed with losses extending to ½. Medium and longer-life stocks were rarely more than ⅜ lower and the market generally seemed prepared to await Tuesday's banking statistics. No bids were made to the authorities for stock of the three tranches, totalling £500m, made available to the market from 9.30 pm.

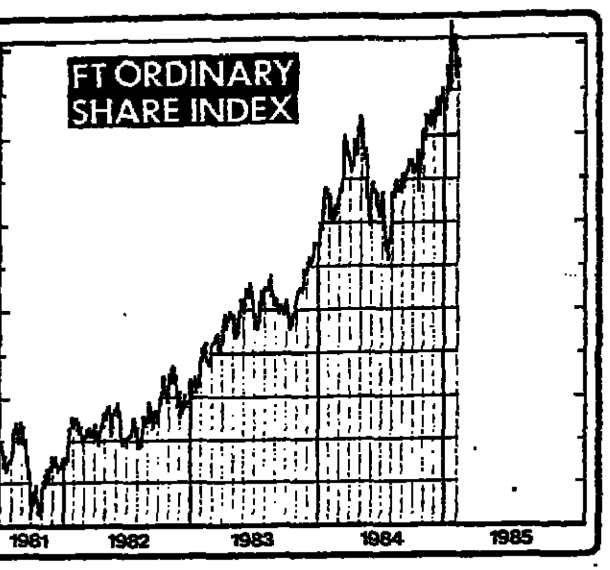
Midland recovered 8 to 350p as rights issue fears were allayed by Thursday's announcement that the bank intends to raise £531m via the largest ever issue of floating rate certificates of deposit (CDs). Barclays firmed 5 more to a 1984/5 peak of 638p with sentiment still buoyed by the £155m sale of its 34 per cent stake in Bank of Scotland to Standard Life; Bank of Scotland closed 7 off at 458p. Continuing to reflect speculation concerning *Lloyds' 21.3 per cent stake in* Royal Bank of Scotland, the latter rose 6 further to 254p; Lloyds added 12 at 580p. *Discount Houses made good progress* on further consideration of Union's impressive preliminary figures. Union put on 30 to 750p, while improvements of 10 and 12 respectively were seen in Cater Allen, 500p, and Gerrard and National, 335p.

Minet highlighted Insurances, rising 10 to 262p, after 270p, on persistent speculative buying in a thin market; talk revived that St Paul Co's of the U.S., which recently announced a $103.6m loss for the fourth quarter, had sold its near-26 per cent stake in the Lloyds Broker. Elsewhere, *FAI Insurances rose 40 more for* a two-day advance of 75 to 760p on the good half-year results and proposed 20 per cent scrip *issue.*

Leading Buildings ended an erratic week on a quiet note, but most drifted easier in the absence of support. Blue Circle, the subject of American buying last week, slipped 5 to 482p for a fall over the five day period of 28. Secondary issues, although neglected for the most part, displayed a few bright spots. Small, persistent country buying lifted paint concern Manders 8 to 180p, while demand ahead of next Thursday's interim results left Howard Shuttering 3 dearer at a 1984/5 peak of 52p. Brown and Jackson added 2 to 22p on hopes that the group may hive off its TV hire subsidiary.

Stores down again

ICI fluctuated narrowly and settled a couple of pence firmer at 845p for a gain on the week of 17: the annual results are due on February 28. Among other Chemicals, persistent demand left Brent 7 higher at 124p, while speculative buying on takeover hopes lifted James Halstead 8 for a two-day gain of 19 to 92p.



Having been heavily sold earlier in the week following the sharp increase in interest rates, Stores came under *pressure again following the Chancellor's* cautious statement regarding possible tax cuts in next month's Budget. Gussies A *closed 10 down at 690p.* British Home lost 7 to 237p and Debenhams relinquished 5 to 190p. Among *secondary* issues, Foster Bros rose 8 to 126p on revived speculative buying and Etam gained 6 to 138p on reports of a broker's circular.

Leading Electricals followed the easier trend and falls of 4 were recorded in GEC, 204p and Plessey, 182p. Elsewhere, a flurry of buying lifted Automated Security 12 to 197p, while Wholesale Fittings, depressed recently by disappointing interim figures, rallied 10 to 260p. USM-quoted Microfilm Reprographics were noteworthy for a rise of 18 to 238p and First Castle were quoted ex rights at 120p, with the new nil-paid shares at 26p premium, after 30p premium.

Leading engineers often drifted a few pence easier, but GKN rose up 6 to 204p on talk of a forthcoming broker's circular. Elsewhere, Irish concern TMG jumped 25 to 100p on the bid from Jefferson Smurfit. Renewed speculative demand lifted Haden 10 more to 214p, but profit-taking left takeover favourite Spear and Jackson down 4 at 158p. Still reflecting a broker's adverse circular, Babcock International gave up 7 further at 146p.

Recent U.S. favourite J. Sainsbury encountered domestic selling following "take profits" advice and the close was 12 down *at 316p, after 312p. Among other* Foods, S. & W. Berisford, a firm counter on Thursday, shed 5 *to 170p* after denying that it had sold its interest in the Billingsgate development. Ranks Hovis McDougall lost 3 to *124p* for a fall on the week of 11 as bid hopes continued to fade.

Norfolk Capital, 1½ up at 26p, remained a firm counter in the Hotel sector. Among the leaders, Grand Metropolitan slipped to 290p before picking up to close 3 dearer on balance at 295p.

Beecham sold

Miscellaneous industrial leaders passed one of the quietest days for some time. Beecham, which rallied smartly in Thursday's late dealings following the company's statement on the 1985 Japanese drug price review, encountered fresh selling and closed 13 down at 360p. Scattered offerings left BTR 14 cheaper at 640p, while BOC eased 6 to 282p and Boots 5 to 170p. Glaxo drifted off to close ¼ lower at £11⅞. Elsewhere, news of the £41.7m rights issue, via Convertible loan stock, left Polly Peck 7 off at 235p, after 230p. Cornell, however, improved 7 to 215p. Blue Arrow, still reflecting the acquisition of two contract cleaning companies, put on 5 more to 170p for a two-day gain of 18. Smiths Industries revived with a gain of 5 to 197p, while Bridon, in a market none-too-well supplied with stock, ended a like amount dearer at 130p. Sale Tilney moved up 13 more to 490p in a restricted market. LDH eased 2 to 16p after the interim statement, but Securiguard responded to news of the proposed acquisition of Cons Safeguards with a rise of 5 to 162p. Extel, tipped recently as a possible takeover candidate, improved 7 to 302p, while revived buying took Redfearn Glass up to 82p before a close of 3 firmer on balance at 79p. Sutcliffe Speakman, reflecting the announcement that Rivermoor Management Services had acquired a 15.9 per cent stake in the company, improved 2 to 27p.

Further buying in a restricted market lifted Samuelson Group 1¼ points to £10¼; the new nil paid shares advanced 125 to 375p premium.

Routledge and Kegan Paul encountered revived support and rose 18 to 275p in a quietly firm *Newspaper and Publishing* sector. In Papers, Good Relations came under late selling pressure and closed 28 down at 210p on *reports* that a number of their city public relation executives had left the company.

Leading Properties traded *quietly and closed* virtually unchanged on the day, but Peachey firmed 3 to 246p on news that it had assigned its head leasehold interest in the Churchill Hotel for a premium of £9.25m. Elsewhere, Warner Estate's excellent annual results, announced on Thursday, enlivened other residential property issues. Mountview Estates stood out, rising 27 to 315p, while Daejan gained 10 to 325p, after 330p. In sharp contrast, Espley Trust came under selling pressure in the wake of the decision to place the group's building division into liquidation and the close was 5 down at 15p. Alfred Walker settled 2 cheaper at 70p, after 65p.

Confirmation that a consortium headed by the Marquis of Milford Haven had exercised its option to buy N.G. Investment's near-30 per cent stake in Milford Docks prompted another heavy trade in the latter; the shares moved between extremes of 84p and 70p before closing 8 down on the day, but still 7 dearer on the week at 75p. P & O Deferred closed 13 lower at 390p following publication of the formal offer document for Sterling Guarantee Trust, 2 easier at 73p. Isle of Man Steam Packet hardened a couple of pence to 130p, after 153p, on news of the planned merger with the Manx shipping interests.

S. Jerome stood out in Textiles, rising 11 to 63p on the announcement that the Board had overstated a provision in the last Accounts and that the amount would be reinstated in the next balance sheet. Harold Ingram reflected revived speculative support with a gain of 10 to 105p.

Antofagasta highlighted Financial Trusts with a speculative surge of 55 to 280p in a thin market. Britannia Arrow, in which Guinness Peat this week acquired a 23 per cent stake, rose to 107p before closing 4 higher at 106p as bid hopes revived. Silvermines, which recently announced good results, firmed 6 to 170p. Exco, however, fell 23 to 662p following profit-taking in the absence of the rumoured Dow Jones bid for its Telerate subsidiary.

Falcon Res. surge

Relatively minor and mixed price changes in many leading issues disguised another busy day in the Oil sector.

A strong market since Tuesday afternoon's majority agreement by Opec ministers on price differentials, the leaders were marked higher initially following substantial U.S. buying overnight. Demand from local operators, encouraged by a firm opening in North Sea oil spot prices, produced further gains but subsequent profit-taking caused a gradual decline which left top quality issues virtually unaltered at the close. Shell touched a year's best of 755p prior to easing back and closing unchanged on balance at 745p while Britoil settled a few pence cheaper at 210p. Renewed speculative buying, fuelled by Press suggestions of an imminent bid from Enterprise Oil, lifted LASMO to 345p before a close of 340p, a net gain of 3.

Secondary oils were again highlighted by Falcon Resources which continued their spectacular advance to close a further 24 up at 404p, after a record 425p, a week's gain of 84 and more than double the price ruling at the end of December; persistent buying has followed widespread talk of a major oil discovery in the U.S. ERIC, believed to have an interest in *Falcon's exploration acreage,* jumped 30 to 210p, after 215p. News that Gulf Oil (UK) has made an oil/gas discovery in *North Sea* well 16/26-5, in which Petrolex has a 2 per cent interest, lifted the latter 4 to 68p—a week's gain of 18p; on Thursdays Clyde Petroleum launched a 58p a share cash bid for Petrolex.

Lonrho closed 3 better at 183p, after 185p, following comment on the interim figures.

Good week for Golds

The moves designed to protect the rand from any further weakness, instigated last Tuesday by the South African Reserve Bank, had the desired effect on the currency and produced a sustained recovery in recently depressed South African mining markets over the week.

Gold shares, which last Friday week fell to their lowest levels for almost 2½ years, posted good gains on each of the five days. Yesterday, share prices made progress despite an easier tendency in the bullion price which settled a net $3.5 off at $303.25 an ounce, although it still showed a $00 improvement over the week.

The best performers among the leaders were Vaal Reefs, which rose a further £2½ to £77¼, and Randfontein, up £1 at £29⅜. Buffels, £30¼, Kloof, £31¼, and Libanon, £17⅞, all showed gains in excess of ½.

South African Financials also made renewed progress, although recently-buoyant De Beers suffered from profit-taking and dipped 8 to 412p but remained 84 up over the week; the company's preliminary results are scheduled for March 12.

U.S. profit-levels lowered Minorco 40 to 740p. London-domiciled Financials were resilient in the face of the easier trend in domestic equities. RTZ settled only a couple of pence off at 645p, helped by the recent strong performance of precious and base metal prices, while Consolidated Gold Fields put on 7 to 500p; the latter's interim figures are due on March 5.

Australians faltered after the recent good advance. Among the leading issues, CRA and Renison gave up around 6 apiece at 380p and 273p respectively, while Western Mining eased 3 to 236p and North Broken Hill 5 to 158p.

Demand for Traded Options contracted further with 7,671 contracts done, comprising 5,825 calls and 1,846 puts. Still attracting a good business in the wake of the results, Lonrho recorded 1,217 calls and 247 puts, while 1,176 deals were arranged in the FT-SE 100.

FINANCIAL TIMES STOCK INDICES

	Feb. 1	Jan. 31	Jan. 30	Jan. 29	Jan. 28	Jan. 25	Year ago
Government Secs.	79.87	80.09	79.80	78.40	78.02	79.58	83.21
Fixed Interest	83.44	83.79	83.81	82.48	82.17	84.14	87.28
Ordinary	977.5	986.1	986.7	961.2	977.9	1,002.8	832.4
Gold Mines	482.0	469.6	466.0	446.1	440.3	439.5	597.7
Ord. Div. Yield	4.42	4.38	4.38	4.48	4.41	4.39	4.85
Earnings, Yld.% (full)	11.05	10.95	10.94	11.19	11.03	10.78	9.16
P/E Ratio (net)	10.87	10.97	10.97	10.73	10.89	11.20	13.86
Total bargains (Est.)	26,355	26,499	26,911	33,199	32,419	31,486	28,008
Equity turnover £m.	—	385.81	453.97	431.45	483.13	473.14	301.18
Equity bargains	—	21,406	22,302	23,833	28,771	28,101	20,993
Shares traded (ml)	—	179.2	215.6	213.1	233.3	264.6	168.1

10 am 978.4. 11 am 798.6. Noon 979.7. 1 pm 979.7.
2 pm 979.7. 3 pm 979.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.53.

HIGHS AND LOWS

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.77 (9/1/84)	76.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 1	Jan. 30
Daily		
Gilt Edged Bargains	175.4	158.2
Equities Bargains	138.7	144.5
Value	779.4	917.6
5day Average		
Gilt Edged Bargains	172.2	169.7
Equities Bargains	160.8	171.1
Value	900.4	980.0

LEADERS AND LAGGARDS

Percentage changes since December 30, 1984, based on Thursday, *January 31, 1985*

Shipping and Transport	+18.72	All-Share Index	+3.68
Newspapers, Publishing	+13.45	Financial Group	+3.50
Chemicals	+11.51	500 Share Index	+3.42
Office Equipment	+11.40	Insurance (Composite)	+3.33
Telephone Networks	+10.04	Industrial Group	+2.54
Insurance Brokers	+10.01	Food Manufacturing	+2.16
Oils	+9.28	Insurance (Life)	+2.12
Other Groups	+8.87	Health and H'sehold Products	+1.85
Motors	+8.35	Food Retailing	+1.77
Merchant Banks	+7.85	Consumer Group	+1.58
Overseas Traders	+7.50	Electricals	+1.32
Packaging and Paper	+7.36	Brewers and Distillers	+0.56
Other Industrial Materials	+7.01	Capital Goods	−1.38
Mining Finance	+6.75	Gold Mines Index	−1.94
Tobaccos	+6.29	Leisure	−1.95
Banks	+6.00	Stores	−2.11
Textiles	+5.95	Property	−2.42
Investment Trusts	+5.88	Contracting, Construction	−2.97
Mechanical Engineering	+3.78	Building Materials	−4.20
Metals and Metal Forming	+3.70	Electronics	−7.01

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 21	Feb 1	April 25	May 7
Feb 4	Feb 15	May 9	May 20
Feb 18	March 1	May 30	June 10

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Consolidated, Bryson Oil and Gas, Falcon Resources, Polly Pack, Yorkshire Chemical, Charterhall, C. and W. Walker, Est Midland Allied Press, London and Northern, Mersey Docks, Norfolk Capital, LDH, Sound Diffusion, Petranol, Bejam, BSG International, Redfearn Glass, Blue Arrow, Carless Capel, Silvermines, John Finlan, LCP and Duport. Shell Transport and Burmah Oil were dealt in for the put, while a double option was arranged in Alexanders.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	3	80	21	286	193	41
Corporations, Dom. and Foreign Bonds	15	27	31	127	119	118
Industrials	267	240	941	1,464	2,013	3,760
Financial and Props.	111	95	339	655	732	1,337
Oils	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	549	566	1,587	3,405	3,664	[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Feb 1 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Thurs Jan 31 Index No.	Wed Jan 30 Index No.	Tues Jan 29 Index No.	Mon Jan 28 Index No.	Year ago (approx.) Index No.	1984-85 High		1984-85 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	546.08	−0.7	9.74	3.97	12.85	549.82	539.06	543.76	556.72	497.19	577.15	22/1/85	450.90	12/7/84	577.15	22/1/85	50.71	13/12/74
2	Building Materials (23)	487.81	−0.6	13.15	5.10	9.41	490.97	485.82	493.13	506.18	477.08	537.59	27/4/84	402.18	12/7/84	537.59	27/4/84	44.27	11/12/74
3	Contracting, Construction (30)	720.72	+0.3	13.42	5.47	9.54	718.52	709.49	725.76	740.67	745.63	776.48	25/4/84	602.70	19/7/84	831.09	15/3/83	71.48	2/12/74
4	Electricals (15)	1610.31	—	10.08	4.64	12.53	1609.97	1581.34	1602.14	1633.12	1743.51	1802.52	20/3/84	1404.80	24/7/84	1909.93	3/6/83	84.71	25/6/62
5	Electronics (36)	1789.21	−0.7	8.23	2.72	15.67	1801.61	1762.19	1744.82	1792.68	1704.84	2049.05	13/11/84	1581.78	31/5/84	2049.05	13/11/84	1561.70	31/5/84
6	Mechanical Engineering (60)	288.87	−0.3	11.59	5.03	10.30	289.72	283.26	289.97	295.01	237.82	298.10	22/1/85	212.79	3/1/84	298.10	22/1/85	45.43	5/1/75
8	Metals and Metal Forming (8)	173.23	−0.8	13.06	7.49	9.45	174.54	170.67	174.31	178.80	198.77	209.74	13/3/84	153.97	18/10/84	209.74	13/3/84	49.65	6/1/75
9	Motors (18)	157.55	+0.2	11.16	4.80	11.18	157.17	151.26	154.90	159.39	136.66	162.98	22/1/85	112.73	19/7/84	170.59	15/1/69	19.91	6/1/75
10	Other Industrial Materials (16)	878.79	−2.1	5.72	3.26	21.96	897.55	884.56	898.43	916.75	635.61	925.26	18/1/85	592.04	13/7/84	925.26	18/1/85	277.55	15/1/81
21	CONSUMER GROUP (180)	625.62	−1.3	9.30	3.81	13.00	633.59	619.84	631.50	644.09	486.83	652.30	22/1/85	461.40	3/1/84	652.30	22/1/85	61.41	13/12/74
22	Brewers and Distillers (23)	573.29	−0.6	11.21	4.67	10.42	576.82	563.40	576.99	591.61	469.22	593.54	22/1/85	439.89	3/1/84	593.54	22/1/85	69.47	13/12/74
25	Food Manufacturing (20)	489.07	−0.7	12.02	4.74	10.42	492.36	485.49	490.02	501.42	391.06	506.98	22/1/85	356.25	12/7/84	506.98	22/1/85	59.67	11/12/74
26	Food Retailing (12)	1469.68	−1.8	6.51	2.40	20.48	1496.17	1464.11	1484.85	1485.29	1094.88	1502.07	22/1/85	1057.23	10/2/84	1502.07	22/1/85	54.25	11/12/74
27	Health and Household Products (9)	1021.32	−2.6	5.58	2.60	21.05	1048.51	1034.87	1046.82	1072.89	756.43	1088.57	22/1/85	706.26	4/1/84	1088.57	22/1/85	175.38	28/5/80
29	Leisure (23)	679.89	—	8.28	4.81	15.60	679.77	674.67	688.99	699.11	647.69	719.49	22/1/85	522.19	25/7/84	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1709.57	+3.4	7.08	4.37	17.98	1653.25	1632.53	1644.78	1677.21	1217.97	1709.57	1/2/85	1087.65	3/1/84	1709.57	1/2/85	55.08	6/1/75
33	Packaging and Paper (14)	311.27	−0.9	11.88	4.71	9.80	314.09	307.19	311.63	319.60	244.68	319.60	25/1/85	211.47	24/7/84	319.60	25/1/85	43.46	6/1/75
34	Stores (45)	535.38	−2.0	7.61	3.48	15.94	546.58	531.42	548.30	564.19	435.68	571.63	22/1/85	388.27	12/7/84	571.63	22/1/85	52.63	6/1/75
35	Textiles (19)	319.14	+0.9	12.49	4.39	9.22	316.17	306.86	309.76	316.96	282.18	324.99	22/1/85	243.79	16/7/84	324.99	22/1/85	62.66	11/12/74
36	Tobaccos (3)	946.84	−1.3	13.24	4.06	8.42	958.94	924.25	939.65	942.66	555.72	959.34	22/1/85	588.50	5/1/84	959.34	22/1/85	94.34	13/6/62
41	OTHER GROUPS (97)	665.91	—	8.92	3.93	14.24	665.74	653.75	662.59	674.89	458.97	683.21	22/1/85	408.65	12/7/84	683.21	22/1/85	58.63	6/1/75
42	Chemicals (17)	806.01	−0.2	12.15	4.05	11.45	807.83	789.22	798.27	807.08	618.57	807.83	30/1/85	543.52	13/7/84	807.83	30/1/85	71.20	1/12/74
44	Office Equipment (4)	176.18	+0.2	8.41	4.74	14.36	175.88	166.58	163.84	170.74	134.81	176.18	1/2/85	109.38	3/1/84	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (13)	1134.08	+0.3	7.63	4.30	16.76	1130.26	1092.15	1102.24	1126.69	870.04	1134.08	1/2/85	766.98	12/7/84	1134.08	1/2/85	90.80	29/6/62
46	Miscellaneous (61)	832.08	—	7.78	3.35	15.61	832.26	820.91	831.38	853.25	572.91	862.01	22/1/85	533.98	4/1/84	862.01	22/1/85	60.39	6/1/75
48	Telephone Networks (2)	776.16	+0.1	8.62	4.15	15.13	775.04	764.37	777.84	790.11	0.0	809.51	22/1/85	517.92	30/11/84	809.51	22/1/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	624.09	−0.8	9.31	3.88	13.27	628.95	616.26	625.37	638.25	488.16	650.33	22/1/85	456.41	12/7/84	650.33	22/1/85	59.01	13/12/74
51	Oils (17)	1168.09	+2.1	14.93	6.43	8.28	1144.03	1106.02	1116.16	1138.31	1051.44	1199.54	21/5/84	933.37	30/7/84	1199.54	21/5/84	87.23	29/5/62
59	500 SHARE INDEX (508)	669.52	−0.4	10.10	4.24	12.24	672.09	657.33	666.55	680.21	535.38	690.38	22/1/85	500.98	24/7/84	690.38	22/1/85	63.49	13/12/74
61	FINANCIAL GROUP (116)	452.59	+0.9	—	4.89	—	448.47	441.69	445.31	452.06	387.64	452.59	1/2/85	344.83	31/5/84	452.59	1/2/85	55.88	13/12/74
62	Banks (6)	469.17	+1.0	18.16	6.01	6.97	464.47	451.60	456.57	460.65	398.81	469.17	1/2/85	336.01	31/5/84	469.17	1/2/85	62.44	12/12/74
65	Insurance (Life) (8)	601.92	+2.1	—	4.53	—	589.35	584.80	591.77	599.99	557.44	605.94	9/1/85	443.08	31/5/84	605.94	9/1/85	44.88	2/1/75
66	Insurance (Composite) (7)	323.68	+1.6	—	5.77	—	318.55	316.61	318.09	324.19	259.80	324.19	25/1/85	247.22	3/1/84	324.19	25/1/85	43.96	13/12/74
67	Insurance (Brokers) (6)	1142.00	+0.2	6.74	3.03	20.57	1140.11	1141.11	1125.21	1140.33	673.12	1142.00	1/2/85	610.72	1/3/84	1142.00	1/2/85	65.86	16/12/74
68	Merchant Banks (12)	240.87	+1.1	—	4.45	—	238.34	233.21	232.38	238.92	244.67	251.54	11/4/84	184.18	24/7/84	278.57	1/5/72	31.21	7/1/75
69	Property (52)	623.43	−0.7	5.44	3.58	24.48	627.98	620.21	624.84	635.93	541.11	648.74	19/12/84	520.77	10/2/84	648.74	19/12/84	56.01	20/4/65
70	Other Financial (25)	293.31	+2.1	8.97	5.31	13.49	287.35	280.88	288.34	292.31	277.86	293.31	1/2/85	224.07	24/7/84	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (105)	604.34	—	—	3.23	—	604.56	598.84	599.32	605.35	511.14	607.73	22/1/85	457.91	1/6/84	607.73	22/1/85	71.22	13/12/74
81	Mining Finance (4)	293.15	+0.2	10.07	5.17	12.59	292.58	286.34	286.40	298.57	321.88	337.57	10/4/84	250.14	24/7/84	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	674.69	+0.5	9.04	6.14	13.93	671.09	666.47	667.33	679.19	563.83	687.15	22/1/85	486.16	12/7/84	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	612.75	−0.2	—	4.32	—	613.69	601.35	608.62	620.20	500.48	627.28	22/1/85	464.84	24/7/84	627.28	22/1/85	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low														
	FT-SE 100 SHARE INDEX	1272.6	−8.2	1277.3	1272.6	—	1280.8	1277.3	1249.3	1265.8		1305.7	22/1/85	986.9	23/7/84	1305.7	22/1/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 1	Day's change %	Thurs Jan 31	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.14	−0.18	116.35	—	1.16
2	5-15 years	126.24	−0.26	126.57	—	0.98
3	Over 15 years	132.36	−0.20	132.84	0.22	0.22
4	Irredeemables	144.82	−0.40	145.39	—	0.00
5	All stocks	125.40	−0.22	125.71	0.03	0.95
6	Debentures & Loans	106.59	−0.05	106.64	—	0.15
7	Preference	76.20	+0.02	76.19	—	0.30

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 1	Thurs Jan 31	Year ago (approx.)	1984 Highs		1984 Lows	
	British Government								
1	Low Coupons	5 years	11.09	11.03	9.69	12.02	30/7/84	9.24	17/1/84
2		15 years	10.86	10.83	10.06	11.65	30/7/84	9.88	9/1/84
3		25 years	10.49	10.46	9.67	10.98	23/7/84	9.63	9/1/84
4	Medium Coupons	5 years	11.82	11.69	10.90	13.13	30/7/84	10.49	13/3/84
5		15 years	11.33	11.28	10.64	12.20	30/7/84	10.41	9/1/84
6		25 years	10.75	10.73	10.02	11.53	23/7/84	9.87	9/1/84
7	High Coupons	5 years	11.92	11.80	11.07	13.18	30/7/84	10.62	6/3/84
8		15 years	11.49	11.44	10.80	12.30	30/7/84	10.61	13/3/84
9		25 years	10.82	10.77	10.09	11.40	23/7/84	9.98	9/1/84
10	Irredeemables†		10.23	10.18	9.65	10.84	30/7/84	9.54	12/11/84
11	Debs & Loans	5 years	12.26	12.25	11.53	12.99	1/8/84	11.18	22/3/84
12		15 years	12.08	12.07	11.53	13.04	31/7/84	11.29	29/3/84
13		25 years	12.07	12.06	11.53	13.16	12/7/84	11.29	29/3/84
14	Preference†		13.00	13.00	12.07	13.44	17/7/84	11.90	7/3/84

BRITISH GOVERNMENT INDEX-LINKED STOCKS

		Fri Feb 1	Day's change %	Thurs Jan 31	xd adj. today	xd adj. 1985 to date				Fri Feb 1	Thurs Jan 31	Year ago	1984 Highs		1984 Lows	
8	All stocks	109.06	−0.05	109.11	—	0.18	15	Inflation rate	5%	3.38	3.38	3.22	4.02	30/7/84	3.16	4/1/84
							16		10%	3.20	3.19	3.05	3.82	30/7/84	2.99	4/1/84

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Bath and Portland (10) has been deleted and replaced by Norton Opax (32). Hambro Life Assurance (65) has also been deleted but not replaced.

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (93)

AMERICANS (10)
Abbott Labs, Pennzoil, American Express, Southwestern Bell, Bell Atlantic, Sperry Corp, Data General, Time Inc., Hutton (E. F.), U.S. West

CANADIANS (2)
Inco, Inland Nat. Gas

BANKS (3)
Barclays, Ottoman Bank, Lloyds Bank

BREWERS (1)
Wolv'hampton Dud

BUILDINGS (4)
Cement-Roadstone, Manders, Howard Shuttering, Utd. Ceramic Distb.

CHEMICALS (4)
Brent Chemicals, Pentokil, Engelhard, Wolstenholme Rink

ELECTRICALS (4)
Brikat, Microfilm Reprogs., FKI Electricals, Norsk Data A

ENGINEERING (8)
Burgess Products, Rainbow, Sheffield Stamping, Thyssen, Haden, Tyzack (W.) Turner, Mitchell Somers, Williams Hldgs.

FOODS (2)
Carrs Milling, Low (Wm.)

INDUSTRIALS (17)
Avon Rubber, Macfarlane, Bridon, Prestwich, Bridport-Gundry, Sale Tilney, British Syphon, Scot. Heritable Trust, Brook St. Bureau, Securiguard, Coalson, Siebe, Electrolux B, Sylvone, Flexello Castors Wh., Wedgwood, Lamont

INSURANCE (7)
Alexander Alex., Minet, Bryant (Derek), Reed Stenhouse Cl. C, FAI Insurances, Torchmark, Lincoln Nat. Corp.

LEISURE (2)
Samuelson, SeaCo Inc

NEWSPAPERS (2)
Assoc. News, Routledge K. Paul

PAPER (2)
Carlton Comms, Clondalkin

PROPERTY (2)
County Props. A, Darvan

SHIPPING (1)
Milford Docks

SHOES (1)
Stylo

TEXTILES (1)
Toray

TRUSTS (14)
Caledonia Invs, N. Throgmorton Cap., Cont. & Industl, Robeco Sub. Shs., English New York, Romney Trust, Eng. & Scottish, Antofagasta, Investors Capital, Comp. Fin. Servs., Leda Inc., Int. Inv. Tst. Jersey, Mid Wynd Inter., M. & G. Group

OILS (5)
Falcon Resources, Royal Dutch, Highland Part'pants, Shell Transport, Petrocon

OVERSEAS TRADERS (1)
Lonrho

NEW LOWS (4)

ENGINEERING (1)
Weeks Associates

FOODS (1)
Clifford's Dairies

OILS (1)
North South Resces.

MINES (1)
West Coast

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BTR	640	−14	Lon & Mid Inds	202	−3
Bailey (C. H.)	23	+2	LASMO	340	+3
Britannia Arrow	106	+4	Milford Docks	75	−8
BP	520	—	Minet Holdings	262	+10
Burmah Oil	212	−2	P. & O. Defd	390	−13
Falcon Res	404	+24	Shell Trans	745	—

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Falcon Res	33	380	+40	Glaxo	14	£12	−¼
Systems Designers	25	180	+80	Lonrho	14	180	+1
Shell Trans	20	745	+25	Bat Inds	13	388	−2
De Beers Dfd	15	420	+15	Bank of Scot	13	465	−25
ICI	15	843	+1	Lon & Mid Inds	13	205	+7
Alexandra Wk	14	127	—	BP	12	520	−10
Beecham	14	373	−2	Ultramar	12	203	−2

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Falcon Res	157	380	+75	Powell Duffryn	105	305	+43
ICI	126	843	+15	Racal Elects	105	212xd	−3
Shell Trans	118	745	+60	Brit Arrow	95	102	−8
Hanson Trust	117	217xc	+3	Brit Telecom	95	123	−4
BP	110	530	+25	Jaguar	90	200	−2
BAT Inds	108	388	+10	GEC	88	208xd	+10½
BTR	108	654	—	Cable & Wire	88	507	−13

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −	Net div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ● Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTNL. INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS

(coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

Johnson, Matthey 5pcPf (£1) 58 (29/1). 5½pcDb 1988-90 £76½ (30/1). 7¼pc Db 1990-95 £76½ (30/1)
Johnston Gp 10pc Pf (£1) 104●
Kalamazoo 8½pcLn 1987 £85¼ (29/1)
Kayser Bondor 6pcPf (£1) 42 (29/1)
Kenning Motor Grp 5½pcPf (£1) 40 (29/1)
Kingsley & Forester Gp (20p) 52 3 (30/1)
Kwik-Fit (Tyres and Exhausts) Hldgs 8pc Ln 1979-85 £98 (25/1)
Kynoch (G&G) 105 (25/1)

L—M

N—O—P

Q—R—S

Sears Eng'g Hldgs 6pcPf (£1) 46 (30/1). 6¼pcDb 1987-92 £82½ (29/1)
Sears Hldgs 7pcAPf (£1) 55. 12¼pcPf (£1) 98 (29/1). 7¼pcLn 1992-97 £72¼
Selincourt 7pcPf (50p) 23 (30/1). 9¼pc Ln 1983-88 £83
Simon Eng'g 5.4pcPf (£1) 59½ (29/1). 7.71pcPf 1992-97 (£1) 81½
Simpson (S.) 270
600 Group 8½pcLn 1987-92 £78½
Sketchley 4.2pcPf (£1) 140 3

T—U—V

W—Y—Z

INVESTMENT TRUSTS

Aberdeen 4pcPf (£1) 41½ (30/1)
Alliance 4pcPf £33 (25/1). 4¼pcPf £35 (25/1). 5pcPf £42 (30/1). 4½pcDb 15-5-56 £37½ (25/1). 5¼pcDb 1980-85 £95½ (29/1)
Anglo-American Secs Corp 4pcDb 1985 £98
Atlantic Assets 5pcPf (£1) 41½ (25/1)
Baillie Gifford Japan Wrts 211 (30/1)
Bankers Invest 3.5pcPf £42½ (28/1)
British Assets 4½pcPf £40. A 5pcPf £39½ (29/1)

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

FINANCIAL TRUSTS

INSURANCE

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATER WORKS

UNLISTED SECURITIES MARKET

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 144
AOG Minerals 10 (30/1)
Acmex Hldgs 88 (25/1)
Agnico-Eagle Mines 837½ — 25 (28/1)
Alliance Oil Devpt 77
Amatil 303 —
Amber Gold 4● (30/1)
American Home Products £47½ (25/1)
Ampol Exploration 160 (29/1)
Ampol 126 (29/1)
Amsterdam-Rotterdam Bank £18.40
Apex Oil (A$0.25) 17 (30/1)
Apple Computer £26⅛●
Ashton Mining 55 (28/1)
Atlas Industries 30 (28/1)
Australian National Industries 177● (28/1)
Australian Oil and Gas 80● 2●
Avnet Inc U.S.$36¼ (30/1)
Aztec Exploration 17 (25/1)
Baguio Gold Mining B 0¹⁄₁₆ (30/1)
Base Resources 78 (25/1)
Basic Resources Intl (Bahamas) 70● 70 (25/1)
Batu Kawan 137● (30/1)
Becton Dickinson £39⅞ (30/1)
Bell Group 340● (25/1)
Berjuntai Tin Dredging 130 (30/1)
Boral Ord 240 (30/1)

Procter & Gamble $U.S. 52¼● (29/1)
Raytheon £41
Regal Hotels (Hldgs) 16½
SA Manganese Amcor 222● (30/1)
Safmarine & Rennies Hldgs 480● (29/1)
Schering-Plough Corp £33⅛
Score Resources 10 (30/1)
Sea-Land Corp £21⅛ (30/1)
Selangor Coconuts 107 (29/1)
Siemens A. G. £142.20● 142¾ 143.10, 14 3⅛ ½ DM507 10½ 13
Smith (Howard) 260 (29/1)
Smithkline Beckman Cpn £51 (29/1)
Source Perrier £46
Sovereign Oil Australia 6½
Standard Oil of Indiana $U.S. 56⅜● (29/1)
Standard of Ohio £37●
Stelco Class 'B' Conv £15¼●
Stirling Petroleum 3 (28/1)
Sun Hung Kai Co 15 (30/1)
Sun Hung Kai Properties 106½● 10½● 8½ (28/1)
Swire Pacific B 43½●
Sydney Oil Co 21 (28/1)
Tandem Computers £22⅛● 1½ (29/1)
Tandem Resources 32●
Tandy Corp £24⅛● (29/1)
Target Petroleum ($A0.15) 9½● 10 (29/1)
Target Petroleum ($A 0.15) 9½● 10 (29/1)
Teck Corp 'B' 812½●
Telerate Inc £18¼ (28/1)
Texas Instruments £113 (30/1)
Tooth & Co 420 (29/1)
Tri-Arc Energy 8 (30/1)
Tri-Continental Corp £23¼● (29/1)
Unilever NV (Fl20) £82-90● 83¼● (30/1)
Union Pacific Corp £40⅞ (25/1)
United Overseas Bank 176● (29/1)
Valient Consolidated 10½● (28/1)
Walker (Hiram) Resources £18● (30/1)
Wang Laboratories Class "B" Com £25⅛ (28/1)
Westfield Minerals 105● (30/1)
Westinghouse Electric £27 (25/1)
Wheelock Maritime Int B 1● (29/1)
Wheelock Marden 'B' 2½ 3½ (30/1)
Wheelock Maritime Int "B" 1● (29/1)
Williams Cos £25⅛ (28/1)
Winsor Industrial Corp 50● (28/1)
Woolworths ($A 0.50) 215●
World International (Hldgs) 20●
Zanex 12●
Zero Corp £23⅛ (29/1)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds (1p) 9¾ 10¼ 11
All England Lawn Tennis Ground £50 Dbs 1986-90 £5,900 6,000 100
Alliance Bldg Soc 10pcBds 6/3/85 £99.569 9
Allied Entertainments (£1) 98 103
Amalg Metal Corpn (£1) 290 310 (25/1)
Anglo-Amer Agric 38 ½ 40 ½
Ann Street Brewery (£1) 375 (30/1)
Arsenal FC (£1) £510 5
Ascot (10p) 17 (29/1)
Avesco (1p) 50 1½

Weetabix A (N-vtg) 170 1 (28/1)
Wistech (1p) 11 2½ (28/1)
Wolverhampton Racecourse 123 5 (29/1)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Exploration (Ir£0.25) 7 (25/1)

LONDON TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 22,552.

A=Ask B=Bid C=Call P=Put

CONTRACTS

£4m sand and gravel plant

GEC TRAFFIC AUTOMATION of Borehamwood has been awarded a second contract for the supply of toll collection equipment for the Dartford Tunnel in Kent. The two contracts, worth £1.15m, are for re-equipping the toll collection system at the Dartford Tunnel. This covers 18 toll booths, canopy lighting for the two plazas, manual and automatic lane barriers, 16 automatic toll collection machines, toll auditing equipment and 24 overhead lane signs. Installation begins in April and continues until the middle of 1986. The equipment is needed because the M25 motorway passes through the tunnel and an increasing volume of traffic will use the motorway. The whole scheme includes major civil works by John Laing to build a separate 12-lane southbound plaza and convert the existing plaza into a 12-lane northbound plaza.

*

A £2.7m contract for material handling equipment for the new Nissan car plant has been awarded to **BABCOCK FATA**, Milton Keynes. The contract is for overhead, floor and monorail conveyor systems for the car plant under construction at Sunderland Airport, Tyne and Wear.

ECONOMIC DIARY

TOMORROW: Mr Bob Hawke, Australian Prime Minister, visits Brussels.

MONDAY: Credit business (December). Retail sales (December-final). Capital issues and redemptions (during the month of January). UK official reserves (January). Mr Nigel Lawson, Chancellor of the Exchequer, attends Overseas Bankers' Club annual dinner at the Guildhall. President Reagan presents U.S. budget to Congress. Commons debates the miners' strike. Mr Patrick Jenkin, Environment Secretary, meets leaders of rate-capped councils. Scottish Development Agency issues report on oil and gas market.

TUESDAY: London Clearing banks' monthly statement (mid-January). Housing starts and completions (December). Provisional estimates of monetary aggregates (mid-January). Spain opens border with Gibraltar. UN disarmament conference opens in Geneva.

WEDNESDAY: Advance energy statistics (December). National Union of Teachers begin disruptive action over pay. President Reagan delivers State of the Union address to Congress.

THURSDAY: Manual water workers in pay talks. Mr Bob Hawke, Australian Prime Minister, to meet President Reagan in Washington. British Rail launches £300m East Coast electrification programme. U.S. fourth quarter 1984 balance of payments figures.

FRIDAY: Building societies consider mortgage rates. Sir Geoffrey Howe, Foreign Secretary, visits Bucharest (until February 10), EEC Social Affairs Ministers informal meeting in Venice. Dunlop extraordinary meeting on restructuring proposal.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1833

High Income				
Gilts & Fixed Int.	110.2	116.6	-0.1	10.29
High Inc Equity	69.8	74.3xd	+0.2	6.06
Worldwide Bond	160.9	171.2xd	-0.3	5.67
Capital Growth				
American Growth	134.0	142.6xd	+0.3	1.33
Assets & Ernqs. Tt.	71.9	76.9	+0.4	3.06
Capital Reserve	54.9	55.2	....	0.76
Commodity & Energy	80.4	86.0	-0.4	2.99
General	103.2	110.4xd	+0.1	2.75
Japan	175.1	187.3	-1.8	0.00
UK Growth	68.1	73.2	+0.5	2.10
Acc. Units	96.2	103.4	+0.7	2.10
U.S. Emerging Co's	57.1	61.1	....	0.45
Equitas Prog.	157.1	168.0	+1.4	3.51

[illegible] Hume
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd	148.8	159.2	-1.5	0.10
Exempt	435.0	462.0	....	—
Pacific Fd	137.3	147.0	-1.0	0.20
Secured Income Fd	139.3	149.0xd	+1.0	5.88
Special Sits	167.3	179.0	+0.5	1.56
Energy Fd	37.9	40.6	....	0.60
American Majors	60.5	65.0	-0.4	2.26
Small Co's Fd (10for1)	29.4	31.4	....	1.97
Jap. Technology	69.6	74.4	-1.1	0.20

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex Brentwood. (0277) 211459 & 229123

Balanced Trusts and Income Trusts				
First Trust	161.2	170.8	+0.6	4.07
Growth & Inc Trust	104.2	110.4	+0.9	3.76
Capital Trust	19.8	201.2	+0.9	2.95
Balanced Trust	273.1	289.5	+0.6	3.81
Accum Trust	411.2	435.9	+1.3	3.13
American Income	30.0	31.8xd	....	3.93
High Income Trust	179.8	190.6	+1.3	5.45
Equity Income Trust	96.4	102.2xd	+0.4	5.60
High Yield Trust	115.8	122.8	+0.8	6.38
Govt Secs Trust	27.9	29.1	-0.1	9.90
International Trusts				

Britannia Group—Continued

Exempt Funds				
Exempt†	93.8	98.5	....	4.18
Ex. Mkt. Ldrs	64.7	67.8	+0.1	3.17
NEL Trusts				
Nelstar Gilt & F.I.	62.8	64.4xd	-0.3	10.09
Nelstar High Income	59.3	62.4	+0.5	5.84

Brown Shipley & Co. Ltd. (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	46.3	50.9xd	....	4.38
B.S. Accum	75.0	81.5	....	4.38
Financial	92.6	99.0	....	3.04
Growth Accum	155.7	170.0	....	1.85
Growth Income	101.4	110.2	....	1.85
High Income	46.8	50.8	....	6.04
Income	52.6	57.2	....	5.10
North American	54.7	58.8xd	....	1.15
Orient	51.6	55.5	....	0.18
Recovery	25.9	28.1	....	3.92
Technology	154.3	166.0	....	0.40
Exempt	158.8	170.7	....	3.13

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange, EC2P 2JT. 01-588 2868

General Inc Jan 31	161.9	169.3	-2.9	4.42
Accum Units Jan 31	248.7	260.0	-4.4	4.42
Income Jan 30	72.8	76.7	....	5.14
Accum Units Jan 30	119.4	129.6	....	5.14
Intl Jan 29	120.4	125.9	....	1.63
(Accum Units) Jan 29	155.8	162.9	....	1.63
Smaller Co's Feb 1	989.8	1056.0xd	-4.0	1.31
(Accum Units) Feb 1	1035.0	1104.2	-4.2	1.31

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St, Potters Bar, Herts. P Bar 51122

Can. Gen Dist.	88.7	93.4xd	+0.3	2.72
Do. Gen. Accum	135.3	142.5	+0.5	2.72
Do. Income Dist.	60.5	63.7	+0.2	5.91
Do. Inc. Accum.	115.6	121.7	+0.2	5.91
Gilt & Fxd. Int. Trust	33.0	34.7xd	-0.9	—

Cannon Fund Managers Ltd. (z)
1, Olympic Way, Wembley, HA9 0NB. 01-902 8876

Growth	208.6	221.9xd	+0.1	4.18
Income	237.5	252.7xd	+0.6	5.29
Far East	130.8	139.1	-0.4	0.28
North American	126.9	135.0	-0.9	1.88

Capel (James) Mngt. Ltd.
100, Old Broad St, EC2N 1BQ. 01-588 6010

Do. Acc†	74.6	80.3	....	0.35
Income*	101.4	110.9	....	5.04
Capital Inc.‡	101.5	109.2	....	2.00
Do. Acc.‡	129.3	139.1	....	2.00
Exempt‡	239.0	251.0xd	....	2.73
Intl. Recovery Inc.‡	39.0	42.0	....	1.07
Do. Acc.‡	51.1	55.0	....	1.07

Dealing *Tues. ‡Wed. †Thur. Prices January 29/30/31.

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2 01-588 2777 Dealing: 01-638 0478/0479
Britannia Viewpoint 01-341 5656

UK Specialist Funds				
Growth Gilt Trust	50.4	51.2xd	-0.2	1.36
Recovery	72.1	76.9	-0.9	3.27
Smaller Cos.	107.3	114.5	+0.4	1.61
Spec. Mkt. Sits.	72.0	76.8	-1.4	2.82
UK Growth (Domestic)	30.9	33.0	+0.3	3.09
High Income Funds				
Extra Inc.	49.2	52.5xd	+0.9	8.24
Gilt	24.9	26.2xd	-0.1	10.07
Inc & Growth	148.3	158.2	+1.4	4.76
Nat. High Inc.	142.7	152.2	+1.0	5.97
Pref. Shares	17.3	18.5	-0.2	10.97
Sector Specialist Funds				
Commodity Shares	149.0	158.9	+1.6	2.47
Financial Secs.	35.4	37.8	+0.4	2.63
Gold & General	27.3	23.0	+0.5	3.15
Int. Leisure Mk.	11.9	12.7	....	—
Prop. Shares	38.3	40.9	....	1.57
Univ. Energy	61.4	65.5xd	+0.4	0.45
World Tech	48.6	51.8	-0.3	—
Overseas Funds				
American Growth	89.5	95.5	+0.2	2.23
American Income	54.3	57.9	-0.1	5.61
Am. Smaller Cos.	23.9	25.5	-0.6	0.41
Am. Spec. Sits	75.4	80.4	+0.3	0.78
Australian Growth	78.6	83.8	-2.0	1.62
Euro Smaller Co Tst.	9.4	10.0	....	0.10
Far East	42.1	44.9	-0.8	0.55
Hong Kg. Perfmce	25.2	26.9xd	-0.2	2.45
Intl. Growth†	28.3	30.2	....	2.48
Japan Perf. Trust	41.0	43.7xd	-0.2	—
Japan Smllr Co's Tst	11.6	12.4	....	—

F & C Unit Management
1 Laurence Pountney Hill, EC4R 0BA. 01-623 4680

F&C American Fd	71.0	76.0	-0.4	0.58
F & C Cap Fund	94.5	101.1	-0.4	1.03
F & C Income	61.0	65.3	+0.2	5.59
Far Eastn Unit Fd	53.0	56.7	-0.1	1.06

FS Investment Managers Ltd.
190 West George St., Glasgow. 041-332 6462

FS Balanced Gwth Fd	190.1	202.2	....	—

Fidelity International Management Ltd.
River Walk, Tonbridge, TN9 1DY. 0732 362222

American (z)	92.9	98.9	-0.4	0.56
Amer. Eq. Inc.(z)	33.0	35.2xd	-0.1	5.40
Amer. Spec. Sits (z)	55.2	58.8	+0.1	—
South E. Asia Tst (z)	27.7	29.5	-0.3	0.61
Japan Special Sits (z)	27.0	28.8xd	-0.4	—
Japan Trust (z)	88.7	94.4	-1.9	—
Managed Int. Tst. (z)	85.9	91.4	+0.2	0.35
Max. Inc. Eq. Tst.	53.9	57.4	+0.5	6.34
Special Sits.	97.2	103.5	+0.1	0.34

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	72.0	77.4	....	1.33
Accum. Units	91.9	98.8	....	1.33
J. Finlay High Income	53.1	57.1	....	7.31
Finlay Wld. Energy	17.1	18.4	+0.1	3.07
Accum. Units	23.4	25.2	+0.2	3.07
J. Finlay Fd.In.Tst	83.7	90.0	....	2.95
Accum. Units	121.0	130.1	....	2.95

Prices on January 23. Next dealing January 30.

Robert Fleming & Co Ltd
8, Crosby Square, EC3A 6AN. 01-638 5858

†Am Exempt (1/2)	327.28	334.96	+16.69	1.93
†Jap Exempt (1/2)	244.36	252.25	-0.18	1.44
†Am Prop Tst(15/11)		$11,269	....	7.00
†Prop Tst (25/12)		£2,116	....	6.00

†Unauthorised.

Pacific Sm. Cos.	55.5	59.1	-0.2	1.35
Singapore & M'sia	45.9	49.1xd	+0.2	2.46
North Amer.	137.6	148.0xd	-1.1	0.78
Amer Smaller	52.4	56.3	-0.6	0.01
Amer Recvy Tst	120.6	129.7	-1.6	1.45
Exempt Funds				
High Income (b)	90.3	94.1	+0.3	5.05
Smlr. Cos. (b)	90.8	94.6	+0.9	1.37
European Feb 1	257.8	268.5	+1.7	2.37
American Feb 1	87.4	91.5	....	0.73
American Feb 1	83.1	87.0	....	1.45
Global Tech Feb 1	75.6	78.7	....	0.01
Pacific Ex Tst Feb 1	159.9	166.6	....	2.81

Hexagon Services Ltd.
4 Gt St Helens, London EC3P 3EP 0708 45322

Aust Friars	140.8	146.7xd	....	2.28
Brewin Cap.	102.5	106.8	....	0.47
Brewin Inc.	99.8	104.0xd	....	4.26
Canada Gro.	137.7	148.1	....	1.07

Hill Samuel Unit Tst. Mgrs.† (a)
45 Beech St, EC2P 2LX. 01-628 8011

(b) British Trust	40.3	434.4	+1.4	3.16
(b) Capital Trust	76.6	81.5	....	2.67
(g) Dollar Trust	170.0	180.9	-2.9	1.58
(g) European Trust	62.9	67.0xd	+0.4	1.39
(g) Far East	97.5	103.8xd	-0.8	1.64
(b) Financial Trust	252.2	268.3	+2.7	2.57
(b) Gilt & Fxd Int Inc.	26.8	27.9	-0.1	10.53
(b) GiltF.I.Growth	36.1	37.4xd	-0.2	3.72
(b) High Yield Tst.	47.9	51.0	+0.3	6.71
(b) Income Trust	57.9	61.6	-0.4	5.34
(g) Int'l Trust	99.5	105.9xd	-0.1	3.26
(g) Japan Tech Tst.	30.6	32.6xd	-0.6	0.46
(g) Nat. Resources Tst.	34.4	36.6	+0.3	1.47
(b) Security Trust	134.7	143.4	+0.5	3.12
(b) Smaller Cos Tst.	49.2	52.4	+0.1	1.76
(b) Spec. Sits. Tst.	76.0	80.9	+0.5	1.71
Ger Exempt Jan 15	286.0	301.0	....	3.67

I.B.I. Fund Managers Ltd. (a)
32 Queen Anne's Gate, London SW1H 9AB. 01-222 1000

I.B.I. Brit. & O'seas	98.9	105.3	-0.1	2.00
I.B.I. High Inc	48.7	51.3	+0.1	9.80
I.B.I. Security Gilt	49.7	52.4	+0.3	3.60

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St. EC4P 4ST. 01-236 0952				
Call Fund	13.56	14.08	6mth	Call
7-day Fund	12.48	12.92	6mth	Call
Oppenheimer Money Management Ltd				
66 Cannon St. EC4N 6AE. 01-236 1425				
Call Fund	13.65	14.19	6mth	Call
7-day Fund	12.47	12.91	6mth	Call
Mny Mg Acc	13.50	14.19	6mth	Call
Mny Mg Acc	13.50	14 19	6mth	Call
Dollar	7.37	7 50	6mth	Call

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road. EC1Y 2AY. 01-638 6070				
Treas Acc	12.500	13 10	Qtr	Call
MthIntChq	12.26	12.95	Mth	Call
Bank of Scotland				
38 Threadneedle St. EC2P 2EH. 01-628 8060				
Cheque Acc	12 30	13.02	Mth	Call
Barclays Prime Account				
PO Box 125. Northampton. 0604 252891				
HighIntChq	12.50	13.10	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ. EC2M 5QL. 01-555 2777				
Cater Allen	13.50	14.36	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row. EC4M 7DH. 01-248 3999				
Sterling	13.25	14.085	Mth	Call
U S. Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
78-80 Cornhill. EC3. 01-626 6543 Ext 464				
Undr£1000	12.00	12.55	Qtr	Call
Over£1000	14 0	14.75	Qtr	Call
Dartington & Co Ltd				
Dartington. Totnes. Devon. TQ9 6JE. 0803 862271				
MnyMktAcc	13.50	14 20	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St. EC2P. 01-628 8060				
MyMthChqAc	12.30	13 02	Mth	Call
Lombard North Central plc				
17 Bruton St. W1A 3DH. 01-409 3434				
Notice Dep	12.75	13.15	Rat	14day
M & G Kleinwort Benson				
91-99 New London Rd. Chelmsford. 0245 51651				
HighIntChAc	13.50	14.40	Daily	Call
Midland Bank plc				
PO Box 2. Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.60	13.20	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire. WA1 2DW. 061-928 9011				
Cheque Acc	14.00	14.93	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd. Romford. RM1 3LB. 0708 66966				
High Int Acc	13.10	14.00	Daily	Call
Premier Acc	13.10	14.00	Daily	Call
Tyndall & Co				
29 33 Princess Victoria St. Bristol BS8 4BX. 0272 732241				
Demand Ac	13.01	13.86	Qtr	Call
Money Acc	12.00	12.55	Qtr	Chq:7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House. Portsmouth. 0705 827733				
Special Acc	13.50	14.37	Mth	Call
Over£1.000	13.75	14 65	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax.

† Ex-subdivision. ‡‡ Only available to charitable bodies. ◎ Yield column shows annualised rates of NAV increase.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INSURA[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

175	70	♥Colby Res Corp	70	......	—	—	—
955	475	Cons. Murch. 10c	475	−25	†Q100c	1.4	8.9
37	25	♥Ennex Int. 1r10p	33	......	—	—	—
252	150	Hampton Areas 10p	190	+3	3.75	2.1	2.6
225	140	♥Highwood Res	180	+20	—	—	—
£24½	£16	Homestake Mining $1	£21	+⅝	Q20c	—	0.9
295	135	♥McFinley Red Lake	215	+15	—	—	—
240	101	♥Musto Explorations	240	......	—	—	—
55	23	♥New Sabina Res C$1	25	......	—	—	—
365	220	Northgate C$1	310	+10	—	—	—
718	500	RTZ	645	−2	†18.0	2.7	4.0
£155½	£113½	Do. 9½pcLn '95-2000	£139	......	Q9½%	35.4	f6.9
£13	850	♥Tara Expln $1	£12⅞	−⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	90	......	Arnott	147	......
Craig & Rose £1	£11	......	CPI Hldgs	57	......
Finlay Pkg. 5p	68	......	Carrol Inds.	99	......
Higsons Brew	108	......	Dublin Gas	65	......
Holt (Jos) 25p	840	......	Hall (R. & H.)	44	......
IoM Stm. £1	130	+5	Heiton Hldgs.	16	......
IRISH			Irish Ropes	95	......
Exch. 12% 1985	£99	......	Jacob (W.& R.)	65	......
Nat. 9¾% 84/89	£94	......	TMG	108	+25
Fin. 13% 97/02	£89¼	......	Unidare	83	......

OPTIONS — 3-month call rates

Industrials	p	GKN	16	Turner Newall	9
Allied-Lyons	15	Hanson Tst.	22	Unilever	80
BAT	30	Hawker Sidd	38	Vickers	18
BOC Grp.	24	Hse of Fraser	28	**Property**	
BSR	15	ICI	58	Brit Land	14
Babcock	13	'Imps'	14	Cap Counties	18
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	30	Ladbroke	20	MEPC	30
Blue Circle	46	Legal & Gen	42	Peachey	24
Boots	18	Lex Service	32	Samuel Props	14
Bowaters	16	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	34	Lucas Inds	24	**Oils**	
Brit. Telecom	11	Marks & Spcr	19	Brit. Oil & Min	4½
Brown (J.)	3	Midland Bk	33	Brit Petroleum	38
Burton Ord	32	NEI	9	Burmah Oil	39
Cadburys	14	Nat West Bk	54	Charterhall	6
Comm Union	15	P & O Dfd	24	Premier	6
Courtaulds	11	Plessey	20	Shell	55
Debenhams	19	Polly Peck	25	Tricentrol	22
Distillers	24	Racal Elect	24	Ultramar	22
Dunlop	5	RHM	10	**Mines**	
FNFC	7	Rank Org Ord	24	Charter Cons	21
Gen Accident	42	Reed Intnl	50	Cons Gold	45
Gen Electric	20	Sears	7	Lonrho	14
Glaxo	90	TI	18	Rio T Zinc	60
Grand Met	26	Tesco	8		
GUS 'A'	55	Thorn EMI	42		
Guardian	58	Trust Houses	12		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FINANCIAL TIMES

Saturday February 2 1985

MAN IN THE NEWS

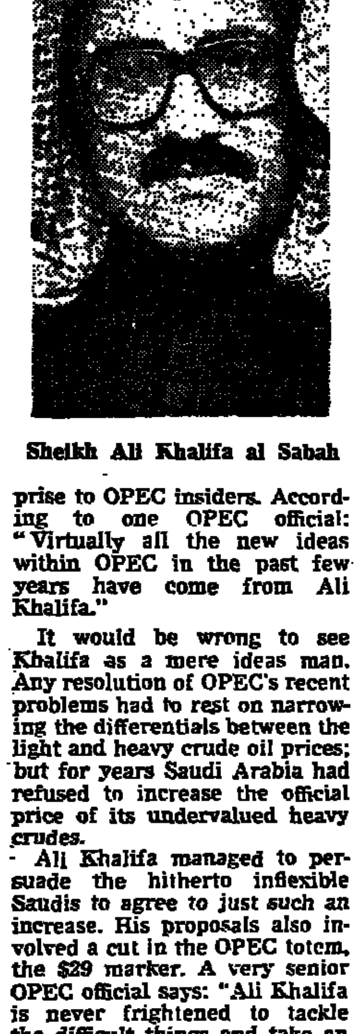
Opec's real ideas man

BY DOMINIC LAWSON

IT WAS a classic Opec script. "The Organisation of Petroleum Exporting Countries sways back from the precipice thanks to the mesmerising negotiating skills of Sheikh Yamani." That was how it looked to the naked eye as the Saudi oil minister conducted an exuberant press conference in Geneva on Wednesday afternoon after OPEC ministers reached majority agreement on a new and more rational system of oil prices.

In the glare of the moment everybody seemed to forget that the proposals which clawed Nigeria back into the OPEC pricing fold and offered the UK another chance to shelter under the OPEC umbrella had originated not from Saudi Arabia but from Kuwait.

The true architect of the new pricing system is Sheikh Ali Khalifa Al Sabah, 39-year-old member of the Kuwait ruling Al-Sabah family. He is the oil minister, and the Finance Minister of a country of 1.5m people (with 60,000 barrels of oil for everyone of them). The crucial role played by Ali Khalifa did not come as a sur-



Sheikh Ali Khalifa al Sabah

prise to OPEC insiders. According to one OPEC official: "Virtually all the new ideas within OPEC in the past few years have come from Ali Khalifa."

It would be wrong to see Khalifa as a mere ideas man. Any resolution of OPEC's recent problems had to rest on narrowing the differentials between the light and heavy crude oil prices; but for years Saudi Arabia had refused to increase the official price of its undervalued heavy crudes.

Ali Khalifa managed to persuade the hitherto inflexible Saudis to agree to just such an increase. His proposals also involved a cut in the OPEC totem, the $29 marker. A very senior OPEC official says: "Ali Khalifa is never frightened to tackle the difficult things and take an unpopular stand. None of us within OPEC dared to say that we could cut the marker until he proposed it."

Sheikh Ali became Oil Minister of Kuwait in 1978, but a year ago he took on the additional burden of Finance Minister. In this role he is responsible for unscrambling $92bn of post-dated cheques in the wake of the collapse of the Kuwait stock market, the Souk Almanakh.

"Ali Khalifa has absolutely incredible energy. He works day and night," said an OPEC delegate observing Khalifa at work in Geneva last week. Sitting down and talking with the Kuwaiti dynamo in his suite at the Geneva Intercontinental, there is no sensation of high voltage. The man has an air of deep, almost unnerving tranquility. Although fluent in English, he speaks very slowly, deliberately over almost every word as if searching for maximum effect.

Sheikh Ali uses these carefully-chosen words most often on the theme of a world oil price war, though with the confidence of one whose country's costs of production are the lowest in the world. In the wake of the British National Oil Corporation's price cuts in March 1983 and October 1984, OPEC refused to take the UK head on in a price war, despite the North Sea's much higher production costs. BNOC is now threatening to move to spot market related prices, which would be a further provocation to the Organisation.

"I don't say that we will start a price war, but if someone provokes it we won't hesitate to see it to its conclusion," threatens Ali Khalifa. Isn't this just a bluff after OPEC has twice been slapped by the UK and twice turned the other cheek? "Try a third time," growled Sheikh Ali Khalifa Al Sabah. Then he snubbed out his cigarette.

Thatcher renews call for miners to abandon strike

BY PETER RIDDELL, POLITICAL EDITOR

THE PRIME Minister last night urged striking miners to return to work rather than have their hopes dashed by talks which would fail.

On an hour-long interview on Channel4's Week in Politics programme, Mrs Thatcher underlined the Government's desire that talks should not drag on without a clear-cut solution which would discourage an increased return to work.
Gs.n cmfwy bm bm bm bm bm

She said she did not want another round of talks to fail. "I want it to succeed. I know there are many, many striking miners who want to get back to work and are prepared to accept past procedures for closures. I don't want their hopes to be dashed by another round of talks doomed to failure. I don't want talks to go ahead on a false basis."

The National Coal Board was right to make the decision that you cannot compromise with the right of management to manage, she said. It had always been the case that loss-making and uneconomic pits had been closed after due procedures.

Her remarks last summer about the "enemy within" applied to those "who don't believe in a democratic system but who would use violence and intimidation and other means to attain their ends." She said there could be no compromise with violence and intimidation or with those who wanted to use such methods to extinguish freedom and democracy.

On the recent fall in the value of sterling Mrs Thatcher justified the increase in interest rates as being necessary to restore confidence and refused to say how long it would take before they were cut.

She drew a distinction between the market determination of the general level of the pound and the impact of speculation for particular reasons at any time. She repeated her view that sterling was undervalued, particularly in relation to the dollar.

Mrs Thatcher said the role of intervention was in those speculative periods when the pound rose or fell too swiftly. Then, speculators could get their fingers burned.

The Prime Minister said she did not think industrial investment would be affected by the increase in interest rates given that industry was making good profits.

She also stressed the need to contain public spending, in particular saying the Government would have to watch "very carefully" wage rates in the public sector later this year.

Kinnock opposes illegal action on rate capping, Page 4

Africa aid fund pledged $1.1bn

BY PAUL BETTS IN PARIS

THE WORLD BANK'S fund to support economic reform and development programmes in Africa is set to start operating by the beginning of July with $1.1bn (£980m)—far more than expected—pledged by 23 donor countries.

The pledges, spread over three years, to the Special Facility for Sub-Saharan Africa were made at a two-day meeting in Paris which ended yesterday.

Their scale represents a major success for Mr Tom Clausen, the World Bank president. The bank had set a target of at least $1bn when it proposed the fund last August but was not expected to receive more than about $600m in pledges at the Paris meeting.

There had been doubts over the contributions from major industrialised countries. In the event the UK, West Germany and Japan all agreed to participate, albeit on a bilateral rather than multinational basis. Only the U.S. of the main industrialised states has decided not to participate.

The biggest surprise was Japan's decision to provide special financing of $100m this year, with possible similar commitments in 1986 and 1987. West Germany agreed to commit DM 100m (£28m) this year and possible similar amounts in each of the following two years. The UK indicated a total commitment of £75m over five years.

Although West Germany, Japan and the UK are providing support on a bilateral basis, the funds will be used for the same purposes and countries as those in the new facility itself.

Pledges for the special facility itself amounted to $667m. Italy is providing $153.5m and France $150m. The World Bank will contribute $150m from its own income. Switzerland, not a World Bank member, has pledged $30m.

The U.S., which has not opposed the special African facility, has launched its own bilateral African aid programme involving $500m over five years.

By contrast West Germany, Japan and the UK are working closely with the World Bank, providing what is called special joint financing. This bilateral aid will be placed at the disposal of the World Bank for the same purpose as the special African facility. It basically enables these countries to draw funds from their bilateral aid budgets rather than from their multilateral budgets.

TSB union close to hours deal

BY BRIAN GROOM, LABOUR STAFF

THE Banking, Insurance and Finance Union is on the verge of negotiating a cut in the basic working week, from 36 to 32 hours, at 300 Trustee Savings Bank branches, in return for the introduction of full-day Saturday opening.

Discussions are not yet complete but the ikely deal has worried employers in outside industry, who fear it will boost the union movement's flagging shorter hours campaign.

The deal is expected to create 300 new full-time jobs and between 600 and 900 part-time jobs. The staff would get an average 4½-day week and an extra 8.5 per cent pay supplement for going on to shift work.

The negotiations coincide with Government preparations for the flotation of the TSB group on the Stock Exchange, due in the next year.

The TSB plans to offer full personal banking on Saturdays, and start the service with 30 branches in April. It hopes to have 300 of its 1,624 branches opening on Saturday by the end of the year.

The deal, when agreed by officials, has still to be sold to Bifu's TSB section council and national executive. There could be a sharp debate on the executive, in view of the union's opposition to Saturday opening generally.

The issue will be whether the agreement is near enough to the "price" for Saturday opening set by the union's annual conference—a four-day, 28-hour week with a 15 per cent shift premium.

Supporters of the agreement will point out that Saturday opening — mostly mornings only—is being forced through by Barclays, National Westminster, Midland and Lloyds without any of these benefits. Branches in these banks will be staffed by volunteers, without denting the standard 35-hour week.

Bifu has more than 18,000 members at the TSB, representing 98 per cent of staff in grades eligible for union membership. The union has not opposed the proposed Stock Exchange flotation, but is pressing for board-level representation.

The pressure for shorter hours in industry generally has moderated in this winter's pay round, but there has been catching-up in recent months. In the first nine months of last year, 1.25m workers won a cut in the working week, mostly from 40 to 39 hours.

BNOC Continued from Page 1

stated its policy of propping up the price of oil through the agency of BNOC. The decision to revive the inquiry reflects the committee's determination not to let the Government off the hook.

Any estimate would have to be submitted before the Budget. This suggests that the Government will have to make a formal statement about its oil pricing policy, which could cause political difficulties if the policy turns out to involve full support for Opec.

Another pressure on the Government to declare its hand will be BNOC's cash flow. Now that BNOC is honouring suppliers' invoices at the $28.65 price, which was the official price in the final quarter of 1984, it will quickly run into another cash shortage. hWile its constitution allows it to borrow from Government to cover such an eventuality, the corporation has not yet resorted to loans.

This combination of political and commercial pressures seems likely toforce the Government into the open soon. Some voices in Whitehall argue that the opportunity of an Opec agreement and a firmer spot market should be taken to abandon the old official price concept and move to a marketled price, but ministers fear that such a move would induce Nigeria to abondon its own official price of $28.65, and possibly precipitate another Opec upset.

The hope is that rising spot prices will eliminate the gap between a $28.65 supplier price and the price obtainable for North Sea Brent in the spot market during February.

Spot markets were relatively quiet yesterday, with a good deal of profit taking on rises earlier in the week, but Brent blend for February delivery ended the day up 10 cents at $28.20 a barrel. Gasoil was weaker, down $2 a tonne at $240.

Red faction Continued from Page 1

Herr Kurt Rebmann, the chief Federal Prosecutor, revealed that Herr Zimmermann's name had been found on a hit list of potential victims at a Red Army Faction safe house in Frankfurt last July, along with numerous newspaper cuttings about him.

His murder appears to fit a pattern of systematic attacks against military targets across Europe in recent weeks. His company is involved in major defence projects, such as the three-nation Tornado fighter, and the West German Leopard tank.

It is estimated that only between 20 and 40 hardcore Red Army Faction terrorists are still at large, with up to 150 sympathisers ready to shelter and hide them. In the late 1970s, when terrorism was at its height, the number of extremists and their supporters ran into thousands.

Yesterday's bombings in Portugal, near the southern city of Beja, wrecked 11 vehicles owned by personnel from West German air base there.

On Tuesday, a small flotilla of frigates from three Nato countries came under a mortar attack. None was damaged. Responsibility for both incidents has been claimed by FP-25 (Forcas Populares 25 de Abril). The revolutionary urban guerrilla group has denied, however, that it sent a parcel bomb which killed a Portuguese racing driver on Monday.

In a communique issued after yesterday's explosions, the group claimed that the atacks were aimed at forcing the closure of the German base and the repatriation of all German personnel.

FP-25 first appeared in 1980, concentrating on attempts on Portuguese businessmen and landowners. 75 of its members, including the alleged founder, Major Otelo Saraiva de Carvalho, former hero of Portugal's bloodless 1974 military coup, were arrested last June.

Polly Peck to raise £41.7m in rights issue

By Martin Dickson

POLLY PECK, the fast-growing company headed by Mr Asil Nadir, is raising £41.7m through a novel rights issue to finance the expansion of its agricultural export and consumer electronics businesses in Turkey and Northern Cyprus.

The issue, underwritten by N. M. Rothschild, the merchant bank, is in the form of a convertible loan stock and has one novel feature: it can be converted into ordinary shares during two periods rather than one as normal—either next June or during the 10 years from 1989.

If fully converted, the issue would have the same diluting effect on the equity as an 18 for 100 rights issue.

Polly Peck has expanded rapidly since Mr Nadir's arrival in 1980 with pre-tax profits rising from £2.1m to £50.6m last year as it moved from women's fashions into fruit packaging in Northern Cyprus and, more recently, into mineral water bottling and television and video manufacturing in Turkey.

The company said some £30m would be used to expand its agricultural businesses including the purchase of a third plant for the manufacture of cartons, fruit and vegetable packing-houses, an apple tray manufacturing plant and two fruit-juice plants.

The company has spent £6m so far this year on its electronics division, and intends to spend another £8m. Up to £7m may be invested in 1986 on enlarging its range of television products and possibly expanding into other electronic equipment.

Every 20 ordinary shares in Polly Peck entitled holders to £9 of 9 per cent convertible unsecured loan stock 2003-08 payable at par. The stock may be converted this June at a rate of 43 ordinary shares for every £100 of convertible, equivalent to a conversion price of 233p. Alternatively, it may be converted between 1989 and 1999 at a rate of 41 ordinary for every £100 of stock, a rate of 244p a share.

Polly Peck shares closed last night at 235p, down 7p on the day.

The company says it chose a convertible loan stock issue because this would be more attractive to investors than its low yield ordinary shares with the early conversion option added to attract those not so concerned about income.

Mr Nadir, who is entitled to £12.2m of loan stock, will be taking up at least £6m of this and converting all or much of it in June.

Continued from Page 1 NUM

leader, said earlier in the day in a radio interview that a final agreement on colliery closures should include "commercial considerations."

The NUM's national officials—Mr Scargill, Mr Peter Heathfield the general secretary, and Mr Mick McGahey, the vice president—are to meet Mr Pat Lowry, chairman of the Advisory Conciliation and Arbitration Service, on Monday, to report on progress.

Mr Eaton said the board would be likely to respond to an Acas invitation to talk—but Acas emphasised that the meeting was for information only.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Antofagasta	280	+ 55
Automated Security	187	+ 12
Brent Chemicals	124	+ 7
Bryson Oil & Gas	105	+ 10
Daejan	325	+ 10
E.R.I.C.	210	+ 30
FAI Insurances	760	+ 40
Falcon Resources	404	+ 24
Foster Bros.	126	+ 8
GKN	204	+ 6
Halstead (James)	92	+ 8
Highl'd Participants	183	+ 18
Jerome (S.)	63	+ 11
Midland Bank	350	+ 8
Minet Hldgs.	262	+ 10
Mountview Ests.	315	+ 27
Routledge & Kegan Paul	275	+ 18
Royal Bk. of Scot.	254	+ 6
TMG	100	+ 25
Union Discount	750	+ 30
FALLS:		
Treas. 13pc 1990	£105	− ¼
Exch. 13pc 1999-02	£104¼	− ½
Babcock Intl.	146	− 7
Beecham	360	− 13
British Home Stores	237	− 7
Exco Intl.	662	− 23
Milford Docks	75	− 8
P&O Dfd.	390	− 13
Polly Peck	235	− 7
Sainsbury (J.)	316	− 12

WORLDWIDE WEATHER

UK today: Rain in most places after a dry start. Outlook: continuing mild and changeable.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio		—	—	Corfu	F	12	54	Luxmbg.	R	7	45	Peking	S	11	52
Algiers	S	17	63	Dallas	Sn	−8	18	Madeira	S	18	64	Perth	S	29	84
Amsdm.	F	10	50	Dublin	F	10	50	Madrid	S	12	54	Prague	R	4	39
Athens	S	12	54	Dbrvnk.	S	12	54	Majorca	S	14	57	Rykjvk.	S	−11	12
Bahrain	F	24	75	Ednbgh.	F	9	48	Malaga	S	17	63	Rhodes	S	15	59
Barclna.	F	15	59	Faro	S	17	63	Malta	C	14	57	Rio J'ot		—	—
Beirut	C	16	61	Florence	F	12	54	M'chstr.	C	11	52	Rome	F	15	59
Belfast	F	9	48	Frankft.	R	10	50	Melbne.	S	18	64	Salzbrg.	R	4	39
Belgrd.	S	8	46	Geneva	S	11	52	Mx. C.†		—	—	S'ciscot	F	4	39
Berlin	R	5	41	Gibrltr.	S	16	61	Miami†	S	21	70	Singapr.	F	29	84
Biarritz		—	—	Gl'sg'w	F	9	48	Milan	S	2	36	S'tiago		—	—
Bmghm.	F	13	55	G'nsey	C	10	50	Montrl.†	Sn	−7	19	Stckhm.	C	−3	27
Blackpl.	C	7	45	Helsinki	Sn	−9	16	Moscow	C	−11	12	Strasbg.		—	—
Bombay		—	—	H. Kong	S	19	66	Munich	C	8	46	Sydney	C	21	70
Bordx.		—	—	Innsbrk.	C	4	39	Nairobi	F	28	82	Tangier	S	17	63
Boulgn.		—	—	Invrnss.	R	6	43	Naples	F	13	55	Tel Aviv	C	13	55
Bristol	R	9	48	I.o. Man	C	9	48	Nassau		—	—	Tenerife	F	20	68
Brussels	R	11	52	Istanbul	F	7	45	Nwcstl.	F	10	50	Tokyo	S	13	55
Budpst.	F	7	45	Jersey	R	9	48	N Delhi	S	20	68	T'r'nto†	C	−6	21
Cairo	C	15	59	Jo'burg	S	28	82	N York†	R	−1	30	Tunis	F	15	59
Cardiff	Fg	8	46	L. Plms.	S	21	70	Nice		—	—	Valencia	S	17	63
Cape T.	S	23	73	Lisbon	S	13	55	Nicosia	S	16	61	Venice	C	6	43
Chicg.†	F	−22	−8	Locarno	S	8	46	Oporto	S	14	57	Vienna	R	5	41
Cologne	R	11	52	London	C	13	55	Oslo	C	−5	21	Warsaw	R	4	39
Cophgn.	R	4	39	[illegible]				[illegible]				Zurich	[illegible]	8	46

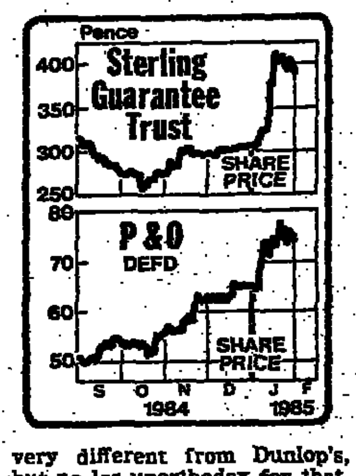
C—Cloudy. S—Su[illegible]

THE LEX COLUMN

Forty-love to Dunlop

If anything is certain about the volatile markets of the past three weeks, it is that nobody at all started off by anticipating a near-50 per cent rise in bank base rates. As recently as last Monday morning, the final two-point move to 14 per cent was enough of a surprise to scare the equity market rigid. Yet the markets can accommodate almost anything—at a price. As yet there still seems to be enough institutional money about for that price, as expressed in higher equity yields, to remain quite surprisingly modest.

Index fell 8.6 to 977.5



BTR/Dunlop

The Take-over Panel has been threatening to take a tougher line on offer documents and yesterday proved as good as its word. Morgan Grenfell, which sailed rather close to the wind during the Allianz bid for Eagle Star, found itself having to clarify BTR's intentions in the morning and swallow a Panel criticism of its offer document a few hours later. As if that were not enough, BTR then learnt that its heaviest gun was in danger o being spiked by Dunlop. All in all, not a good day for Morgan Grenfell.

The clarifying statement was admittedly pretty meaningless. BTR was asked to explain how it proposed to vote its preference stock and replied—surprise, surprise—that it had not made up its mind. But at least the Panel had made its point.

The second statement, however, was far more explicit. The Panel quite properly hauled Morgan over the coals for comparing the market price of BTR shares with the subscription price of Dunlop's new equity. To say, as the Panel did, that the comparison was neither helpful nor appropriate is putting it mildly.

It is just possible that yesterday's manoeuvre by Dunlop will make both these statements academic. By changing the terms of the new preference stock—essentially to make it irredeemable like the old one—Dunlop can avoid having to test BTR's voting intentions altogether. It could, of course, achieve the same objective by not issuing any preference stock at all. Either way, BTR may find itself under much greater pressure to enhance the terms of its offer if it is to carry the day.

British Land/Stylo

The take over tactics revealed yesterday by Mr Arnold Ziff in his defence of Stylo were very different from Dunlop's, but no les unorthodox for that. Mr Ziff is in the happy position of being chairman of a company called Town Centre Securities, in addition to his responbilities at Stylo. What could be more logical, then, than for TCS to buy in the market a few of the Stylo shares which British Land is anxious to acquire by tender? Nothing, except that the Ziff, family already enjoys voting control of Stylo and that TCS has paid a price above the cash alternative offered by Land. Meanwhile, the potential conflict of interest is a mater which TCS shareholders might raise with their chairman.

P&O/SGT

Yesterday's documents detailing the proposed merger between P&O and Sterling Guarantee will ensure the shareholders of both companies a full weekend of reading. The new Yellow Book rules mean that shareholders are treated to three documents covering between them no less than 74 tightly packed pages. To expect anyone to digest that much information is plainly ridiculous: the new rules are only creating unnecessary confusion.

The patient student will, however, unearth new information in the shape of a profits estimate for P&O and a forecast for SGT. Not surprisingly, both figures are close to City forecasts, although P&O has had to rely heavily on a sparkling performance from the OCL associate—which may have contributed about £27m—to keep the profits momentum going. The return on capital from the wholly-owned operations is almost unchanged from the previous year at around 11 per cent, so Sir Jeffrey Sterling and his team still have some convincing to do. But at least the removal of about £5m of losses from channel ferries and the same again in lost profit from the dock strikes should give the current year a head's start. And the additional provisions and extraordinary losses should leave the balance sheet fairly clean.

SGT, meanwhile, chips in a worthwhile increase in profits and a valedictory property surplus of at least £39.9m, most of which arises in the U.S. The combined group should start life with a debt/equity ratio of around 40 per cent and an attractive portfolio of fixed-rate debt. In balance sheet terms, at least, the vessel looks thoroughly sea-worthy.

Polly Peck

It is one thing to keep your existing shareholders happy by holding out prospects of unlimited growth, although even that has been difficult for Polly Peck since the end of its great speculative vogue two years ago. Persuading them to put up new equity may be a tougher task altogether, particularly when the company is reported to be generating large amounts of cash and the new money — like the old — is going to be spent in locations a long way east of the Commercial Road.

It says a lot for Polly Peck's confidence, therefore, that it is prepared to come to the City with a video film of its activities and a £41.7m rights issue to accelerate its investment plans in Turkish consumer electronics—following up the success of its debut as an assembler of TVs and video recorders—and to pick up any stary opportunities in fruit packing as well.

The key seems to be that however fast Polly Peck's established operations throw off cash, the rates of return available to it in its entrenched position in Turkey and Cyprus are high enough to justify even more rapid investment. Yet the cost of locally raised finance is prohibitive, and the availability of UK bank debt for the purpose is rather constricted. Raising equity thus seems the natural solution, therefore, even if the convertible loan issue has to be sweetened by offering the stock on a yield over four times that available on the ordinary shares. Offering subscribers two chances to convert gives the issue an attractive flexibility.